

CONFIDENTIAL.

Letters from SIR JOHN ROSE to the GOVERNOR.

LONDON,

September 12, 1882.

MY DEAR COLVILLE,

You, and our colleagues, will expect to hear what impressions my observations on the North West have given rise to. Mr. Armit will no doubt report in detail on all matters affecting the Company's interests, to which he was devoting very earnest attention; but it may be useful to compare his conclusions with my own, uninfluenced by any previous interchange of views, a process by which individual opinion is sometimes unduly qualified; besides there are many points on which he will report that I need not notice.

As to our General Trade:—I am convinced that this cannot be continued with profit under existing conditions and restrictions. We must face the fact that the old order of things is entirely changed, and I fear we shall have to consider without further delay the alternatives:—

- (a) Of an entire change of system, and partially of men.
- (b) Of giving up our general trade altogether, or
- (c) Of limiting our operations under altered conditions to comparatively few places.

You have to see with your own eyes what is now going on along the line of railway and its vicinity in order correctly to appreciate it. The road is now running to the new Capital Regina, formerly Pile of Bones Creek, some 400 miles west of Winnipeg. It will be pushed to the base of the Rocky Mountains next year, and completed throughout it is anticipated in 1885. Not only at the Towns and the various established Stations on the line, but accompanying the track layers in their daily progress, you see independent traders carrying on a thriving business, many of them under tents, and with the most complete assortment of goods required as well by the railway people (of whom there are some 7,000) as by the settlers, whose tents and houses are dotted all over the prairie. If any article appears to be specially fancied, or running short, it is immediately obtained by telegraphic orders from such Emporiums as Winnipeg, St. Paul or Chicago, and is in a few days on the spot and immediately sold and paid for.

The telegraph is laid at the same time with the rails, and at the end of the day's work, a canvas village of stores, inns, saloons, &c., seems to spring up. These traders are active energetic fellows, mostly from business centres in Old Canada and the United States, experienced in dealing, quick to appreciate what is likely to sell, responsible to no one, having a fair credit, and being sometimes in partnership with the wholesale

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merchant in the big cities, and all are actuated by a keen sense of self-interest. They are on the spot, and having friendly relations with the railway people and settlers, get the earliest information to help their own judgments, that are usually quick enough, about the best sites for stores, &c., and they thus get a footing for future operations from which it is not easy to displace them. I went into a number of stores and tents along the line, and was amazed at the variety and excellence of the goods and the extent and the rapidity of the turn-over.

Now, do we progress, can we procure; or, if we can, are we ready to entrust our men with the authority to conduct business in that way? Let me mention what I saw at our Post Q'Appelle, and which I believe to be a fair, if perhaps a little exaggerated, type of our condition. I visited it on the 6th of August. The English goods had only arrived on the first week in July. The Canadian goods ordered the previous year had actually not come to hand at the date of our visit, but were expected in carts from Fort Ellice. The demand, except for a few Indian articles and staple products, such as bacon, flour, &c., had been supplied. Many of the goods sent from England on requisitions prepared the previous year were unsuitable, and a great demand existed for articles that had either not been ordered at all, or in insufficient quantities; some of them, such as potted meats, &c., having actually been procured from passing traders. When they run short at the store they have first to send a requisition by what is called express to the Officer in charge of the district, at *Fort Ellice* (some 140 miles off). This, after it is examined and approved of there (which I am told often takes some time), is forwarded by the usual cross-country road to Mr. Graham, in Winnipeg. The same process recurs there, and he sends the order perhaps to Montreal, St. Paul, Chicago, or England. Many months elapse before the article—which the independent trader would in the meantime have turned over two or three times—arrives. It is, of course, impossible now to carry on business successfully under such conditions where there are independent competitors, and it is undoubted that the system is obsolete and unsuited to the new order of things.

With my very limited personal knowledge of our Officers, I should not like to pronounce an opinion, but from all I have seen and heard, and I have taken some pains to make enquiry, I fear there are few of them from our Chief Commissioner downwards who are competent to play the role of active Traders successfully, even if the Board were willing to concede the essential power of acting independently. In this case it would seem (assuming that the Board was inclined to reorganise and prosecute the general trade under altered conditions) that sufficient control could be practically exercised if the Company had a thorough and efficient business man at the head of its trading operations. The chief places of business are now, or soon will be, within easy reach of each other. The results of the business at every Store, and its general management and prospects could be easily ascertained half-yearly by the employment of an inspector, and there seems no reason why the delay necessary to ascertaining the result of Outfits for the Fur Trade should apply to our trading operations.

You will ask, What conclusion does all this lead to? But I prefer holding my judgment in suspense on this very important question until you get Mr. Armit's report, and we have a full discussion with our colleagues. That there is a profitable trade to be done by some one I have no doubt. The prestige and reputation of the Company for keeping good articles and for general fair dealing is recognised by every one; but, still, have we the necessary instruments to turn this advantage to account? If not, can or will we procure them, and will our doing so from outside sources alienate our officers, and so disorganise our Fur Trade machinery.



It is possible—the necessary change of system being granted – that some middle course may be for our interest, *e.g.* :—

- (a) Confining ourselves to Winnipeg, keeping a larger stock, and acting as wholesale general dealers only.
- (b) Restricting ourselves to a small number of the best places which are within reach and where we can secure competent managers and thus avoid giving general offence to our commissioned officers. But even this middle course requires a strict and efficient head at Winnipeg. Mr. Graham is a thoroughly trustworthy and upright man, deserving of every consideration at our hands for his long and faithful services, but I am reluctantly forced to the conclusion that he has not the qualities fitting him for the new and varied duties that must be undertaken if we are to carry on an active commercial business, even within moderate limits. It will not be easy to find such a person. I made an extensive inquiry in Canada as I could, without being too pointed, and the only person who seemed fitted by previous training that I could hear of was Mr. A. Conrad, at present with Baker and Co. I know nothing of him personally, but Sir John Macdonald and others connected with the Indian Department, as well as outsiders, speak of him as being a thorough man of business. Important changes are inevitable with us before long; and is it an impractical idea that of utilising Mr. Armit at Winnipeg? He has experience, aptitude, energy, devotion to the service, and in a sense his selection might be viewed as promotion inside our own service. With this supervision and sagacity we should be more on a level with our competitors than we now are. We should need much less supervision from London, and Mr. Armit's deputy here might soon be instructed sufficiently to undertake the diminished amount of work that would thus fall on the Secretary in London. Such a step would be attended with the additional advantage of having an additional eye on the land operations, respecting which Mr. Graham has abstained from taking any concern whatever.

COMPLAINTS AGAINST BRYDGES.

These took a tangible form on my arrival at Winnipeg, and I felt it necessary to devote some time to investigating them. Mr. Graham told me that he had at Mr. Blanchard's request taken a fourth interest in the purchase of the Old Fort;—that he believed the other three-fourths were owned by Mr. Brydges, Mr. Balsilly and Mr. Blanchard. Mr. Smith made the same statement as conveyed to him by Mr. Graham, and intimated that as a Shareholder he did not mean to let the matter rest. I thought it right to inform Mr. Brydges of these statements, but he gave them with a good deal of warmth and indignation a most unqualified denial as regards his own participation. He said he had reason to think both Mr. Balsilly, Mr. Blanchard and Mr. Graham were



interested in the purchase, but who else he did not know, and so long as he had got his price he had no right to enquire. I found that Mr. Blanchard was a gentleman bearing a very high character in Winnipeg—he is one of the principal operators in land there, and there is certainly nothing in his connection with the Company to preclude his buying. Mr. Brydges from the outset asked \$280,000 and after many months of negotiation Mr. Blanchard agreed to give that price. He, Mr. Blanchard, informed me that he had only spoken to Mr. Graham once on the subject offering him an interest in case he made the purchase, but that Mr. Graham thought \$250,000 the outside value. Blanchard, however, completed the bargain at the higher price in Mr. Graham's absence, and when owner of the property renewed the offer to Mr. Graham. Blanchard stated that Mr. Graham's interest was one-third and not one-fourth:—that he had paid for this third:—that the other third was Mr. Balsilly's, and he affirmed in the strongest language that he had never apportioned Mr. Brydges a share, and that Brydges had no interest directly or indirectly in the purchase. I communicated all this to Mr. Smith, but he was still a disbeliever, and Graham continued to say that he thought he had only a fourth interest. After this I got all parties together, Mr. Graham, Mr. Smith, Mr. Blanchard, and Mr. Armit—Mr. Graham's memory was evidently entirely at fault. He first stated that he had paid nothing, and that he always understood (though he admitted it had not been so stated in words by Mr. Blanchard) that he had only one-fourth interest. I, however, personally verified the payments at the Bank of Montreal and actually saw Mr. Graham's acceptance, which, at its maturity, had been debited to his account *for the one-third*, and Mr. Blanchard's and Mr. Balsilly's checks for the remaining two-thirds all dated the last. It seems inexplicable how such a misconception should have arisen, but I am bound to state in the strongest terms that having heard the statements of all parties, and verified all the facts, there is not a shadow of ground for supposing that Brydges was, or was ever intended to be interested directly or indirectly in the transaction. And I record this as my own unqualified conviction.

I ought, perhaps, to add that the re-sale of a part of the lots has not been carried out. The price was regarded by everyone as absurd—the deposit is likely to be forfeited, and the purchaser is negotiating for reduced terms. And from all the opinions I heard expressed the price paid by the Syndicate was an outside one, and could not be realized to-day.

FLOUR MILL AT WINNIPEG AND THE COMPANY'S INTEREST IN THE BRIDGES.

I strongly recommend our disposing of the Company's interest in these undertakings, and I requested Mr. Brydges to endeavour to get some offers, and transmit them to the Board. If the mill is to succeed, we must replace the machinery with that of a more modern kind at a very heavy expense, and there will now be no longer any difficulty in supplying all the Company's requirements from other mills.

As regards the bridges, they have answered their purpose of attracting the town to the Company's property; the structures must always be risky, and though earning a good revenue, the capital can be employed otherwise to equally good advantage.



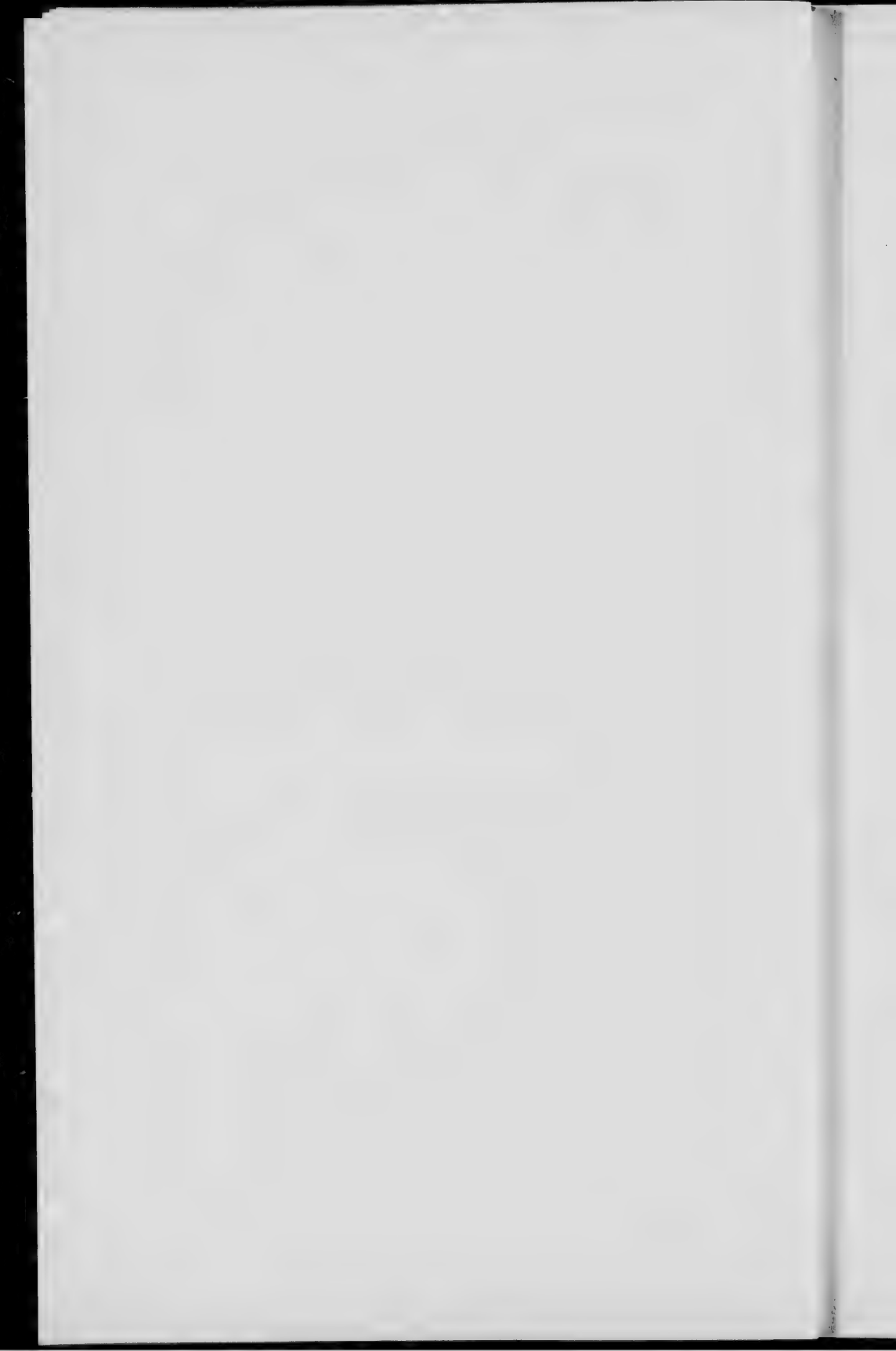
I should likewise keep in view the expediency of selling the Company's interest in the steamers as soon as the progress of the railway will ensure the delivery of their supplies independently of the river.

FORT WILLIAM PROPERTY.

The Prince Albert people are making great efforts to secure the terminus there, and have offered all the land free, but the Canadian Pacific Company seemed inclined, when I was at Winnipeg, to locate their terminus on the Company's property, provided they got a free grant of 100 acres, including all the water frontage for station purposes. Mr. Fleming went down with Mr. Stephen to visit the property, and I saw him on his return. On talking it over with him, we discussed the alternative proposition of giving the Railway Company a more limited space free, and an interest in the sale of the remainder, available for Town sites. In an interview with Mr. Stephen, at New York, he indicated his preference for some such plan, but stated that as the Pacific Company would not take over that section of the road till the spring, he would come to no decision at present, but, would, in the meantime, instruct their engineer to prepare a plan of the ground, showing the smallest space they would require for station ground, and that then they would probably make an offer to take a grant of the whole, on the condition of accounting to us in some equitable proportion for whatever the remainder might realize. This "Town lotting" is a very special business. *They* can do so much to make or mar any locality than we can, that I am inclined to think it would be for our interest to close with some such proposal, provided the share is a fair one.

SUSPENDING SALE OF LANDS.

After I left Winnipeg Mr. Fleming and Mr. Armit discussed the expediency of withdrawing any lands in the vicinity of the supposed line of railway from private sale, and of substituting periodical public sales, and instructed Mr. Brydges in that sense asking me by telegraph to concur. This I presume proceeded from the impression that there had been favoritism, or at least precipitancy, in connection with some of the previous sales; that some of the purchasers had realized large profits by acquiring what had turned out to be Station or Town sites, and that if proper foresight had been exercised, the Company should have had the benefit of the increased value. Being unaware of the circumstances they had in mind, I cannot say whether there is any or what foundation for the idea, but I have great fears of the effect of any intimation that we are withdrawing lands from sale. I did not, however, like to refuse acquiescence in their instructions, as the Committee would have an early opportunity of considering the question, but I qualified it to this extent by suggesting that any offers in the meantime should be reported at once by cable.



A very large proportion of the acreage that has been sold either by the Company, the Government, or the Railway, is held in speculation both by individuals and by Land and Colonization Companies. This land will be pressed on the market before long, and it is impossible in my judgment that the demand by actual settlers will for many years absorb the supply. There must be a reaction in prices, and I see no reason to qualify, but on the contrary, every reason to confirm the opinion I have always held that we should take advantage of the present demand to dispose of as much of our land as possible at the current rates of the day.

I found there was less cordiality between Mr. Brydges and the Canadian Pacific Authorities than is desirable in our interest. They have it in their power to augment the value of much of our property by timely intimation regarding their stations, the location of their lines, &c., and of stimulating our trade by the purchase of Stores, &c. I have impressed upon Mr. Brydges the extreme importance of cultivating friendly relations in every way, and of abstaining from assuming any quasi public position, or expressing any opinions (which I fear he has hitherto done) which are antagonistic to them. I wish you would follow this up by writing to him privately yourself.

I am glad to say that Mr. Fleming stands very well with them, and not only for this reason but in many other ways he will I believe prove a valuable Director. He is well appreciated by the Government, his relations with them are entirely satisfactory, and he stands high in public estimation. There is a little antagonism between him and Brydges just enough to be useful. He is coming over in October to meet the Committee, and from all I have been able to see and hear, I believe he will form a valuable addition to the Board.

STATEMENT OF FACTS AND CIRCUMSTANCES CONNECTED WITH THE SALE OF FORT GARRY.

Sometime in the month of February last (so far as I can recollect), Mr. Grahame and I were speaking of the extraordinary increase of the prices of land, and of the fortunate ventures of many who had purchased at what had at the time been considered high prices, and in the course of the conversation Mr. Grahame suggested that the purchase of what was known as the Fort Garry block might be a good speculation.

This conversation first turned my attention to the property, Mr. Grahame went to Montreal shortly afterwards, and I had no further communication with him upon the subject until his return to Winnipeg, sometime after I had made the purchase.

At the time above referred to Mr. Brydges was away.

Upon his return and after Mr. Grahame had left Winnipeg, I asked Mr. Brydges whether he would sell the property, and if so, at what figure. He asked for an offer, and after considering the matter and discussing values with Mr. Balsillie, who had previously agreed to take an interest in the property if it could be got at a fair price, I offered Mr. Brydges \$250,000.



He took a couple of days to decide, and concluded that he would not sell for less than \$280,000.

I again saw Mr. Balsillie and we came to the conclusion that the price asked was too high, and that we would let the matter drop.

Mr. Brydges referred to the subject on two or three occasions afterwards, but I told him I did not see my way clear to pay more than \$250,000.

Two or three weeks after Mr. Brydges had fixed the price of the land, I decided to purchase and notified him to that effect.

Subsequently I informed Mr. Balsillie that I had bought at Mr. Brydges figure, and offered him an interest which he accepted. At this time nothing was said about the proportion of the shares, as it was understood that if Mr. Grahame so desired, he could share in the purchase.

Upon Mr. Grahame's return, and some two weeks or so after the purchase, I offered him a one-third interest, which he accepted, and he paid me the sum of \$9,166.66 by accepting my draft on him through the Bank of Montreal, that amount being one-third of the payment made by me to the Company.

Mr. Brydges has not, nor ever had, any interest in the property or in any profits to arise from the sale of the same either directly or indirectly.

There has never been any agreement or understanding between myself and him that he should have any interest of any kind in the property, nor has the matter ever been alluded to between us, except as has lately arisen in consequence of the inquiry made by the Hudson's Bay Company, based, as I understand, upon a statement made by Mr. Grahame.

I have never, on any occasion, stated to Mr. Grahame or any one else that Mr. Brydges had any interest in the transaction.

I make the foregoing statement positively and without equivocation of any kind. The facts are, I think, completely substantiated by the evidence produced before Sir John Rose and Mr.

It would be impossible that Mr. Brydges could have an interest without the knowledge of Mr. Balsillie, and the entry in the stub of the latter gentleman's check-book made at the time he paid his share of the purchase money shows conclusively to my mind that he *bona fide* understood that he was getting a full third interest.

Any other theory would be inconsistent with the entry made of "one-third interest," as it was quite unnecessary for him to make any entry at all beyond the date, payee and amount.

(Signed) SEDLEY BLANCHARD.

WINNIPEG, August 18th, 1882.



November 13th, 1882

MY DEAR COLVILLE,

I may be unable to be at the Board to-morrow, and must therefore write what I should then have said.

I have carefully read all the views expressed as to our land policy, and (without suggesting that the Board should come to any conclusion before Mr. Brydges' arrival) I should like to bring under notice some facts for the consideration of our colleagues now, as a prompt decision one way or the other will be necessary in the interests of the Company as soon as Mr. Brydges arrives.

I am afraid that the unexpected favourable results of the past have given us all somewhat exaggerated expectations as to the future. I have taken some pains to ascertain what lands elsewhere—both in the United States and Canada—have realized, whether administered by the Governments, Railway Companies, or Land Companies. I am not aware that any complaints as to the management by the great railway or other companies to whom concessions have been granted, have ever been made; on the contrary, their lands have been supposed to be judiciously and carefully marketed.

The United States Government formerly sold all their lands at \$1.25 per acre, but after some years raised them to \$2.50 per acre, along the line of the principal Railways. To these Railways they have granted some 47,000,000 of acres in all. The principal were—

- (a) The Union Pacific Railway whose average realized price is \$4.93 per acre
- (b) The Central Pacific Railway " " \$5.73 "
- (c) The Northern Pacific Railway " " \$2.50 "

but their lands being payable in *Preferred Stock* which ruled at from 50 to 90 cents, their net realization has been under one dollar per acre.

- (d) The Atchesan Topeka and Santa Fé Railway whose average realized price is \$5.23 per acre.
- (e) The Texas and Pacific Railway whose average realized price is \$1.66 per acre.
- (f) The St. Paul and Minneapolis Railway report their total sales (not receipts) to be \$1,3000,000 for 1,100,000 acres sold, and even the sales of the Illinois Central Railway owning some of the best lands in the United States only average \$5.59 per acre.

The Government of Canada—as you know—sell at from \$2 to \$4 per acre. They tried a public sale in August and September last of the best lands near Red River and the Assiniboine, which averaged \$4.30 per acre.

The Canadian Pacific have sold 650,000 acres at \$2.50 *nominal* subject to a rebate of \$1.25, and the highest price which they have got from the Land Companies is \$1 per acre payable in bonds at 110, the purchasers having besides one-half the interest

in all their Town and Station sites. Compare these figures with the results of our sales, viz : \$7 per acre for agricultural lands, and \$650 per lot for 3,455 Town lots of about 1/6th of an acre each, and I cannot think that we have any reason to be dissatisfied. It may be urged that the figures I have given of the Railway sales include only ordinary lands, but as far as I can ascertain they include *Town lots*, as well as those adjoining Stations; for the Companies are all interested in giving the best figures for their returns, and there is no distinction made. But even if this were not so, look at the Town lots along the Union Pacific, and Missouri, Kansas and Texas, or—even with few exceptions—those on the Illinois central road, and compare the prices of lots there, with what our average is—we are far—indeed enormously—in excess of any. There is certainly nothing in the quality of the soil, situation or circumstances of the country to make *ours* more valuable, on the contrary the climate, the doubt about fuel, the difficulty about building materials and water, are all calculated to detract from the value of ours.

There are few or no lots having value on account of water privileges, for I see by a Government Return that out of 56 miles in Manitoba and the North-West, *etc.* only are driven by water-power. I believe that the high prices we have realized are due to many exceptional causes that have combined at the same time,—the rapid construction of the railway, the large influx of English and Canadian money, due to very low rates both here and in Canada, the agricultural depression at home, and the spirit of adventure, which for the first time has sprang up in Canada on finding that they have a prairie country behind them !

It seems to me that all precedent is adverse to a continuance of the present high range of prices, and these considerations all weigh in favour of *pushing sales and collecting instalments*, as rapidly as possible, and that we should be very guarded about interposing any difficulties as to the future.

The advisability of trying auction sales is a question which it is obviously proper to defer a decision upon until Mr. Brydges arrives. If that, or any other plan, will *ensure higher prices, without impeding sales*, I am ready most cordially to acquiesce in it, but I do not think it has been practised by other Companies or by any Government. The only occasion on which I am aware of its being tried, was last year by the Canadian Government in reference to their Mennonite and other lands in Manitoba—the experiment, however, resulted in the *withdrawal* of the lands at \$150 an acre.

The suggestion as to the auction sales is, however, inspired by a belief that hitherto there have been precipitancy and favoritism in the sales; that the Company's interests have been subordinated to those of the personal friends of the Commissioner, and that he has sold lands having exceptional value to favorites at inadequate prices. The idea of public sales is suggested, in a very proper and commendable spirit, as a means of checking this. But it opens up a very serious question, which cannot be left on an uncertain footing in the interests of the Company and in fairness to Mr. Brydges. Any past transactions which raise doubts as to his integrity should be investigated, and, if ascertained to be groundless, full confidence should be reposed in him. So important a branch of the Company's business cannot be carried on under conditions of perpetual suspicion and distrust. No regulations, however stringent, that we can lay down here will ensure an upright administration, and such regulations would certainly act very detrimentally in impeding a speedy realization of the Company's property, considering

the competition we have now to encounter. If, however, any transactions of the Land Commissioners are found to be tainted with serious infidelity to the Company's interests, it would manifestly be improper to shrink from making such changes as the circumstances may require.

I feel that it would be more delicate to my colleagues that this question should be discussed by them in my absence, and I will only add my own view that all *personal considerations must be subordinated* to the duty we owe to the proprietors of endeavouring to ensure an upright and efficient administration of their affairs.

Believe me, to be,

EDEN COLVILLE, Esq.,

Yours very truly

Hudson's Bay House,

(Signed) JOHN ROSE.

Lime Street, E.C.

P.S.—As you are aware, I have asked Mr. Armit to prepare a statement as to the price, the date of sale, and the names of the purchasers of lots, supposed to possess an exceptional value.

BARTHOLOMEW LANE, LONDON.

December 17th, 1883.

DEAR MR. GOVERNOR,

As I fear I may be unequal to attend to-morrow, I must write what I should have liked to say on the first occasion when our new colleagues will be present.

I need hardly premise that so long as I remain, my hearty co-operation will be given to anything calculated to ensure the upright and efficient administration of the Company's affairs:—

First.—As regards the Fur Trade proper, I am not aware that any complaint has been made, or any charges suggested, except, indeed, in reference to the general supervision and direction on the part of the Company's Commissioner.

Second. Touching the general trade in merchandise, it is due to the old Directors that our new colleagues should understand that we have not been insensible for many months to the difficulties under which the Company labors, and that we were striving to overcome them as well by the selection of an efficient Commissioner in the place of Mr. Graham, as by the changes in the personnel of the Winnipeg establishment, which the assistant-secretary was lately despatched to carry out. It ought to be understood that Mr. Graham was requested to resign many months ago; that the Board only deferred its acceptance until a competent successor could be found; and that the consideration of that question had to be delayed until the report of the Secretary of the result of his summer's visit, was received and considered.



A perusal of the letter I addressed you on my return from Winnipeg last year (and which I think should be communicated to the new Directors) will show that we all have at least been striving to appreciate the exceptional difficulties under which the Company has been placed, and you know that we have not relaxed in anxiety, or efforts, to remedy them.

I am not yet by any means satisfied that we can carry on a large general business profitably. We certainly cannot, without an efficient Commissioner and trustworthy assistants, and I hope our colleagues may be able to aid us in the selection of a competent head—a duty that presses for immediate consideration.

If there be defects, or mismanagement, in ways not adverted to in the letter to which I have referred, I trust Mr. Smith will not hesitate to lay them before his colleagues in a shape which will enable the Board practically to deal with them.

Third.—The administration of the land department: I wish to repeat emphatically what you and my colleagues will, I think, acknowledge has been my desire—that if any irregularity or misconduct has taken place, it should be rigidly inquired into, and that—no matter whom it may affect—the Company should not retain in its service any one in whose integrity, reliance could not be placed. Mr. Brydges was not my nominee, as you well know, but his name having been suggested on Mr. Smith's resignation, I gave my support to his appointment, stating to my colleagues all I knew of his character and antecedents, and I believe the Company had found in him an exceptionally able officer.

When certain changes came to our ears, we all desired that they should be so formulated as that they might be probed to the bottom; on the information communicated to me by Mr. Smith, Mr. Graham, and Mr. Armit, when at Winnipeg, I deemed it my duty to make as full and impartial enquiry as I could into the case. The result is embodied in my letter to you, and to this I wish the attention of our new colleagues to be specially drawn. On the general question and results of Mr. Brydges' administration, I think I added a further letter to you, which I would beg that you will direct the Secretary to have copied and placed into their hands.

If there be fresh changes, or if the old ones have been imperfectly dealt with, it is due to the late Board and Mr. Brydges, that the accusation should be put into a clear and explicit shape, to be first communicated to Mr. Brydges for his reply, and that then any evidence required should be taken by some competent and impartial gentleman for the decision of the Board.

The extent of Mr. Graham's and Mr. Balsilly's interest in the purchase of the Winnipeg lots is not denied, and the Board have already intimated their disapproval and censure of any of the Company's officers being interested in transactions connected with the purchase or sale of its property. If the new Directors think the action of the Board as regards these gentlemen should have gone beyond this, they ought to have an opportunity of laying their views before us.

I know we are all inspired by the desire not only to see that the Company's



interests had not been sacrificed in that particular transaction, but to guard against evil reproach in reference to the way its land affairs were conducted.

I am sure that we shall all agree that it would have been unwise in the interests of the Company to have made the details of these delicate matters the subject of public discussion at the meeting, but I desire to say in conclusion that my mind is entirely open to conviction on them all by any new consideration which our incoming colleagues may press on our attention.

Yours very faithfully,

JOHN ROSE.

EDEN COLVILLE, Esq.

CONFIDENTIAL.

Letters from the Secretary to SIR JOHN ROSE, BART.

HUDSON'S BAY HOUSE,
Nov. 17, 1882.

DEAR SIR,

I forgot on Tuesday last to show you a note from Mr. Fleming with reference to the enquiry you wished to be made about Land Sales.

In reply, I have to mention that about 12,000 acres of land, within a mile of the railway west of the 2nd Mer. have been sold at about \$7 an acre out of a total of 57,000 acres sold since February last.

I saw Mr. Begg yesterday, and asked him what he considered the value of the reserved railway lands adjoining the railway (not Town lots) and he said that purchasers could be found for them at \$10 an acre, and as regards the Town lots, although the Company's are not on the selected stations, many of them are not more than a mile and a half distant from these places, and the value of these lots would be more than that of agricultural lands. He also said that the land in Southern Manitoba to be sold by the Railway Company will not be sold till the Directors have fixed a price. The nearest lots are 24 miles from the railway, and \$6 to \$8 an acre would be a good price for them.

As regards the lots which were changed for Stuart, Blanchard Galt & Whyte, it should be borne in mind that remarks upon this matter were made in Canada, and they may be repeated. Mr. Brydges can give the Committee the names of the persons composing the syndicate, and the extent of their purchases, and if he can produce the agreements which were signed at the time the lots were bought, stipulating that they were to be changed for others under certain conditions, a complete answer could be given, otherwise the fact remains that nothing was said to the Committee on the subject till they asked for the explanation.

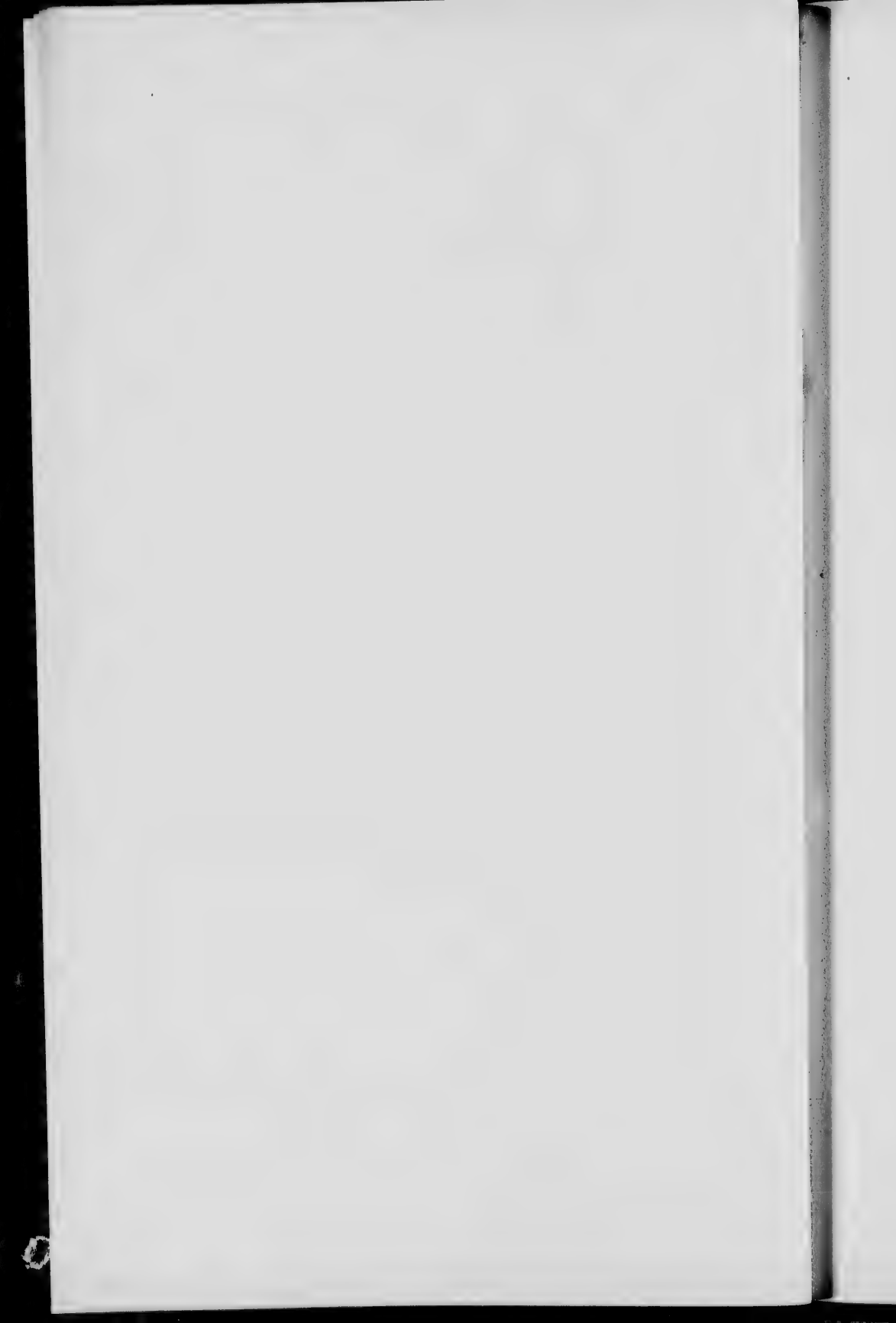
I send you a list of the purchases of land you asked for, in reference to which I have to state my belief from what people said in Canada that if Mr. Brydges had waited till the railway reached these lots and sold them publicly, he would have done better for the Company. The list of Town lot sales includes some of the names about which you enquired, and the names of several of the Company's Officers.

I am, Dear Sir,

Your faithfully,

W. ARMIT.

SIR JOHN ROSE, Bart., G.C.M.G.



HUDSON'S BAY HOUSE,

November 27, 1882.

DEAR SIR,

Since hearing the explanations given by Mr. Brydges, on Friday last, I have prepared some notes, and I hope you will excuse me for sending them to you.

If it could be done, I think it would be advisable to define the land policy, and leave as little uncertainty as possible in having public opinion ascertained from time to time as to values, and limit the extent of land to be sold without reference to the Board. The sale of £56,000 of Town lots at Winnipeg in April last has given rise to much correspondence and many observations. It was judged by the prices ruling at that time, and not by subsequent events, and only now the full conditions of sale are verbally explained. No outside competition appears to have been invited for the lots separately, although some of them we know would have been purchased for Toronto people, and there was a good demand for lots then, as the re-sale to Mr. Donnell soon afterwards showed. At that time land could have been sold almost anywhere. As far out as Silver Heights many farms were sold at Town lot prices. McKay's Deer Lodge—Lane's property and scores of others.

The same kind of demand existed for land at and out of Brandon and other places, so that the prices at which the farm sections belonging to the Company were sold appeared absurd compared with those at which the purchasers soon after were offering the land in lots to the public. I understood that Ross had realised all his property at Brandon, but possibly some of the lots may still be in his hands.

At Qu'Appelle Post a quarter section has recently been sold by the Company at \$20 an acre. This is in marked contrast to the premature sale of a section near that place at \$7 an acre. Mr. Brydges says the purchaser was foolish in giving the higher price. The latter had no doubt in view the Town site, of which we have received plans, and it would be well to consider whether the Town lots at Qu'Appelle should be sold soon or held for improvements in the adjoining district, which is being settled up by the Bell Farm Company, and soon the branch line somewhere near may be made.

As to the prices ruling in August last for land along the line of railway so far as Regina, and the prices at which so many of the Company's sections were sold, I alluded in my report to the opinion of Mr. Hill, the President of the St. Paul Road, whom as well as Mr. Kitzon I have known many years.

The average prices realized by the different Railway Companies for their land grants is hardly a fair comparison with the Company's, inasmuch as the Railway Companies invariably offer inducements to settlers with the view of increasing the traffic returns. Enquiries could be made regarding the price at which the North West Land Company are selling the reserved Railway sections along the line between the western boundary of Manitoba and Moose Jaw, and I think it will be found by comparison that the Hudson's Bay sections in the same townships were sold too soon.

I cannot tell, nor do I think it affects the question what the ultimate value of lot 26 adjoining Regina may be, but I can say that large figures were quoted when I was there, and wherever the selections of the principal towns and stations may be made, some of the Company's lots cannot be more than one, two or three miles off.

If the value of the lot spoken of is only \$3,000 or \$4,000 as paid for it, it would seem strange that any public inquiry should be urged to show what profit Dewdney and others made by the transaction.

When at Winnipeg I inquired of Mr. Brydges what interest he had in recommending the erection of a new store at Brandon for the Company. He said that the value of land as far off as 15 miles would be enhanced by improvements there. Now he seems to think otherwise, and to say that land near the towns is not dearer than land at a distance from them. We had sections near Capelle and Indian head stations, where it will be necessary to build a warehouse or store for Q'Appelle District, if the business is to be enlarged as proposed, and instead of \$7 per acre near these places, I apprehend we shall have to pay at least \$50 or \$100 per lot or from \$300 to \$600 an acre.

I am sorry to trouble you with these lengthened remarks, but I must add that, notwithstanding the views expressed by Mr. Brydges on Friday last, I do not see that any modification is necessary in the Report which I addressed to the Governor on land matters.

I am, yours faithfully,

Sir JOHN ROSE, Bart., G.C.M.G.

W. ARMIT.

REPORT BY THE SECRETARY ON THE TRADE OF THE COMPANY.

MONTREAL, *September 20, 1883.*

EDEN COLVILLE, Esq.,

Dear Sir,

In a former letter I reported to you that the Directors of the Canadian Pacific Railway enabled me to see in a comparatively short space of time the country extending from Lake Superior to the Rocky Mountains, and I availed myself of the opportunity of conferring with the principal officers in charge of the districts through which the railway passes, and which are now being opened up for settlement. Subsequently, I discussed with them at Winnipeg more minutely the details of the business, and the arrangements for conducting it in a satisfactory manner. I am glad to state the officers are of opinion that these conferences upon the different subjects upon which I shall now report are likely to be followed by beneficial results.

WINNIPEG STORE.

Mr. Peebles, the officer in charge of Red River District, being in Montreal on my arrival there, I lost no time in requesting him to have statements prepared showing the staff at Winnipeg, the salary or wages of each person in the employment of the Company at that place, lists of outstanding balances at the end of August, particulars of the sales of goods, the profits made, and other matters upon which explanations were required.

These documents were ready some ten days afterwards, and I found them useful in discussing the position and prospects of the business.

STAFF.

The services of two clerks were dispensed with in the Department Office. One of them, Mr. Goodridge, was selected for

way qualified for the position of cashier in the Winnipeg Store, in the place of Mr. Hargrave, who was leaving on furlough; the other was sent to Bersamis, by way of Montreal, to assist Mr. Parson, who had recently lost one of his officers at that post on the Gulf.

No further reductions in the staff at Winnipeg was recommended in the interests of the trade, but looking to the fact that many traders with inadequate means had closed their places of business, and the Company are not now exposed to so much competition as had been previously experienced, and having the best of the trade at their command, the results under proper management, and better control, ought certainly to prove satisfactory. The total amount of the salaries or wages of the Winnipeg staff is not far short of \$40,000 or £8,000 a year. This amount includes the wages of dressmakers and milliners employed on the premises, for whose work charges are made in the monthly accounts rendered to customers. Their wages, with a small amount of profit are collected by the payment of the accounts of goods obtained and made up at the stores, and these supplies being generally of the finer descriptions, upon which the profits are considerable, that Department of the business is held to be remunerative.

The cost of the staff at Winnipeg last outfit amounted to one-half per cent. on the total sales of goods effected at that place, including supplies furnished to posts at cost landed \$202,698, and a sum of \$30,060 for advances to officers and servants, on which sum under the present system, the trade had suffered a loss. To this point I shall refer hereafter.

OUTSTANDING BALANCES.

The statements of these balances, sent to London from time to time, include the accounts of traders who have long been in the habit of dealing with the Company. They bring their furs from neighbouring districts and receive payment in goods and cash, and to such of them as are known to be reliable, goods are supplied at retail prices on credit extending over several months, and in due time their invoices are paid. Several accounts of customers were found to be overdue, and in most of these cases notice had been given that interest at the rate of one per cent per month would be charged on these amounts until paid. Where interest was not charged against parties having transactions with the Company, whose accounts were also overdue, personal and written applications were made, which had the effect of reducing the balances. We applied to and obtained the assurance of Mr. Brydges, the President of the Manitoba Club, that within two months time its debt of \$4,000, now bearing interest, would be



paid, and payment of future supplies to the Club would be made each month as customary in other cases. After a careful examination of the whole list, Mr. Peebles stated that with the exception of one item, amounting to \$1,165, the recovery of which was doubtful, he considered the balances as good debts, and had every reason to believe that they would be duly paid. Further particulars of the balances outstanding will be prepared each month, and sent to London for the information of the Board.

GOODS ON HAND.

The general character of the goods sold by the Company at Winnipeg and elsewhere in the settled or partially settled Districts, appear with few exceptions to meet the requirements of the trade and the approval of parties who have transactions with the Company. The goods at Winnipeg are seen to advantage in the store, and the stocks on hand, excepting in Hardware and Carpets, did not appear to be greater than the amount required, looking to the delay which necessarily arises in having suitable selections of goods made in England or Canada, and sent forward from time to time. At Winnipeg and several of the outlying districts there are still on hand some goods—the accumulation of years at Fort Garry and other places—which had been sent to the New Store for sale. These goods are gradually being disposed of at about 15 or 20 per cent. profit on their cost, and care will be taken to guard against accumulations in future.

The stock of Carpets is large and likely to be sufficient for the trade for many months to come.

Hardware, amounting to \$17,000, which had been on inventory for some time, and was taken over by the Winnipeg Store, is now reduced by sales to \$6,000 or \$7,000, and the remainder will be sold as soon as possible.

At the end of each Outfit the inventories of goods on hand are carefully taken, the prices fixed being based on the invoices, with duty and charges added, and the debts which are valued at full prices are those considered good, deductions being made for doubtful and bad debts. The present stocks are lighter than those of last year, and the inventories of the Red River District to be made up at the close of this year for Outfit 1883 will, it is expected, show a considerable reduction on those of Outfit 1882, at the close of which the amount stood at \$735,261.



PROFITS.

An examination of the extended invoices showed that the duty and charges on supplies from England amounted to a large percentage on the original cost, and that in every instance the cost landed at Winnipeg was correctly ascertained. The percentage varies according to the nature of the goods, the lowest being $27\frac{1}{2}$ per cent. on silks, the highest 109 per cent. on bottled ale. The duty and charges on clothing amount to $42\frac{1}{2}$ per cent. on invoice cost; on blankets, $47\frac{1}{2}$ per cent.; brandy and whiskey, 85 per cent. The average on an assorted invoice of goods would amount to more than 50 per cent.

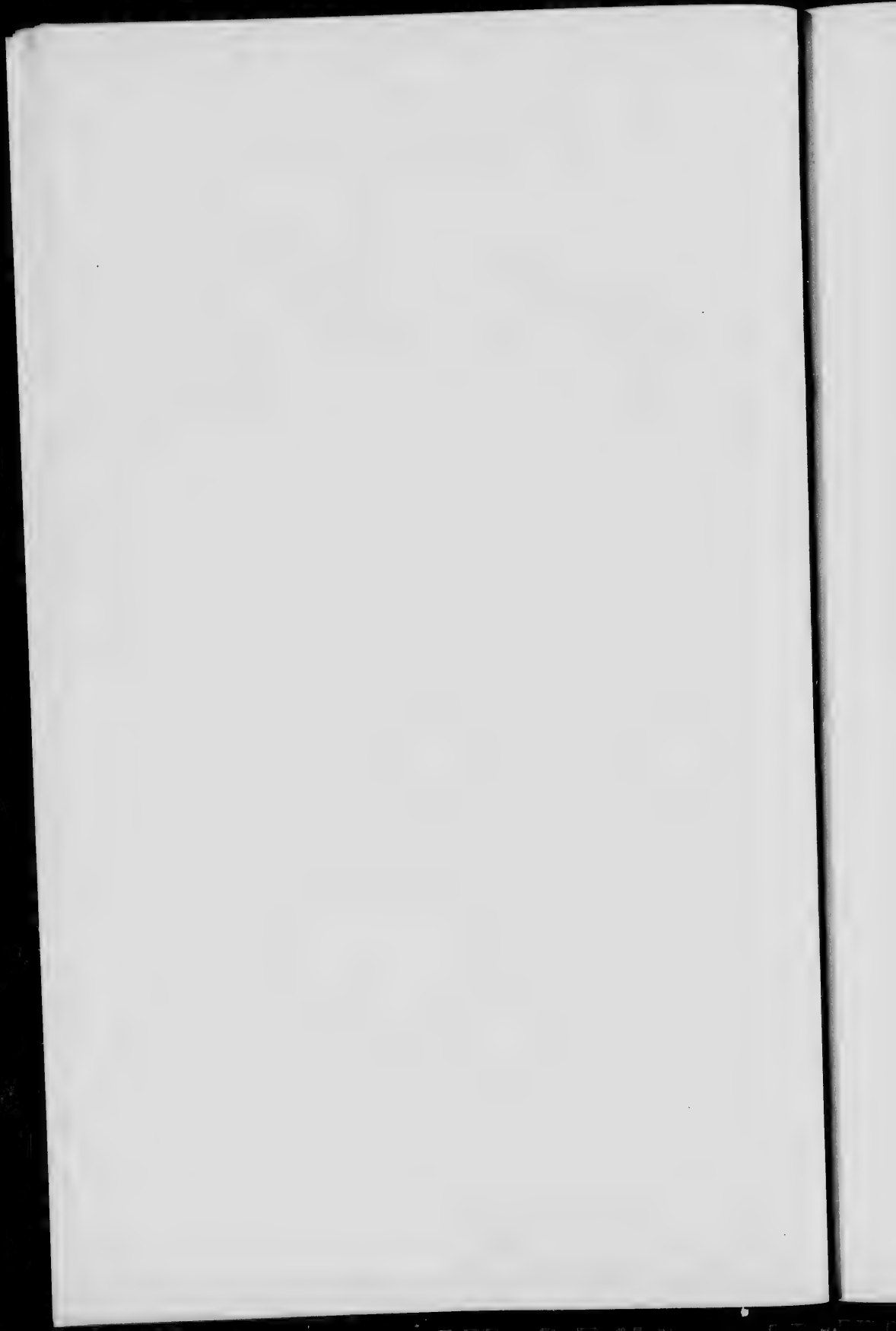
The profits are calculated on the cost of the goods landed at Winnipeg and these also vary according to the nature of the supplies. On clothing and dry goods the retail profits are fully 50 per cent.; on carpets, 33 per cent.; liquors and cigars, 50 per cent.; earthenware and electro-plated goods, 50 per cent. to 80 per cent.; and fancy goods 100 per cent.

Wholesale orders of a considerable amount are executed at a profit of 25 per cent. on cost landed, and parties with good credit are usually allowed ninety days for the settlement of the invoices of wholesale purchases. In smaller establishments at Winnipeg the same extent of credit is given; but by far the larger amount of the Company's business in Winnipeg comes under the head of retail orders, the accounts of which are payable monthly, with ten days' grace, at the expiration of which the Collector calls for payment.

Furs to the amount of \$85,000 were traded at Winnipeg and the adjoining districts during the past Outfit, the values being assumed at the prices of the last sales, which were much below the average of former years. On that basis the profits of Red River District, including those of the Winnipeg Store amounted to \$85,000, or 12½ per cent. on the capital employed. With better management the per centage should be much larger.

MANAGEMENT.

I regret that I am unable to report favourably on the management of Mr. Peebles of the Winnipeg Store. The system pursued by that officer for some time past required immediate correction, and after due consideration, I prepared for his guidance, and that of the assistants employed, fresh instructions in the form of the following letter, upon which further explanations will be given.



C opp.

WINNIPEG, MANITOBA,

8th September, 1883.

JOHN A. PEEBLES, Esquire,
Hudson's Bay Company,
Winnipeg.

Sir,

For your guidance in conducting the Company's business under your charge, I have to request that you will carry into effect the following instructions, and communicate them to the heads of the different departments of the Store, who, in future, must be engaged as monthly instead of weekly servants:—

1. No goods of any description shall be sent from the Store without being paid for or invoiced to the purchaser, and for that purpose the heads of departments must see that the necessary particulars of cash paid or the details of the goods are furnished daily to the accountant or invoice clerk. Any neglect on their part in furnishing such particulars shall be held as disobeying the rules of the Company, and such cases are to be duly reported by you

2. No gratuities or presents of any kind are to be given to any person in the employment of the Company, without a written order from me; and no presents of any kind are to be made to any one unconnected with the Company, or to persons having transactions with them, either as purchasers of goods or manufacturers who may visit the Stores; the rule in these respects having been found to be abused.

3. As regards samples for the sale of wines, spirits, cigars and other goods, the storekeeper must keep an account of each package required for that purpose, and record the names of the clerks in the different departments who may require to call for these samples from time to time, such account to be handed into the accountant, and entered in his books as a record of the quantities of goods so used, so that in no case shall any of the Company's supplies be unaccounted for.

4. No person shall be allowed to consume on the Company's premises wines, spirits or other goods, excepting such as may be required as samples for orders in regard to which no transactions are to take place in the liquor store, the object of the Company being to have their business conducted in such a quiet and orderly manner as will ensure the respect and confidence of their customers.

You will furnish a copy of this letter to the heads of each department.

I am, Sir, your obedient servant,

(Signed) JAS. O. GRAHAME, C. Cr.



STEAMBOAT AND BRIDGE SHARES.

The desire of the Governor and Committee to reduce the amount of the Company's investments in shares of the Winnipeg and Western Transportation Company, and in the stock of the Red River Bridge Company, could not in the present state of affairs be carried out. The Chief Commissioner and the Land Commissioner were both communicated with on the subject, and they will avail themselves of the first favorable opportunity that presents itself for reducing these investments.

QU'APPELLE, SWAN RIVER DISTRICT.

In examining with Mr. McDonald, the Officer in charge, the results of the trade of his District for Outfit 1882, I found that in the outlying Districts where the Fur Trade is still carried on, the Indians were badly off during last winter, and their Fur hunts were much smaller than those of former years. The goods were ordered for Outfit 1882 before many settlers had reached Qu'Appelle Post and at that place, Fort Ellice, and Riding Mountain, the full advantage of profits arising from the sale of goods to settlers will not yet be shown, while in the meantime efforts had to be made for the disposal of Fur Trade goods, some of which had to be removed to other Districts, fresh supplies for Qu'Appelle and Fort Ellice will now be ordered every six months, or more frequently if the goods are sold quickly, and the proceeds of sales are sent to Winnipeg when fresh supplies are required. The system pursued in this District is to ascertain the cost of the different classes of goods landed at all the Posts, and the average amount of profit added to the cost appeared to be about 50 per cent., which Mr. McDonald considered as much as could be obtained. On Flour and Bacon the profits are only 14 or 15 per cent. in consequence of the competition to which he is exposed from traders for the sale of these articles.

The estimated amount of capital employed in the District is \$94,000, and the expenses of management appear to be moderate. The profits for Outfit 1882 amount to \$3,000, a sum which could not be considered an adequate return on the capital employed. The district, however, is an important one, and the sudden change in connection with the opening up of the country must be considered in relation to the prospects of the trade under different management from that of last year. Mr. McDonald is fully alive to the necessity of inspecting the posts of Fort Ellice and Riding Mountain, and seeing that the proper class of goods in demand by settlers and traders are promptly supplied when required. He will guard



against having in hand large stocks of goods, and pay strict attention to the collection of outstanding debts as they become due. In some cases, credits extending to six months require to be given to responsible parties in Swan River District, where few, if any, losses in the general trade have hitherto been sustained.

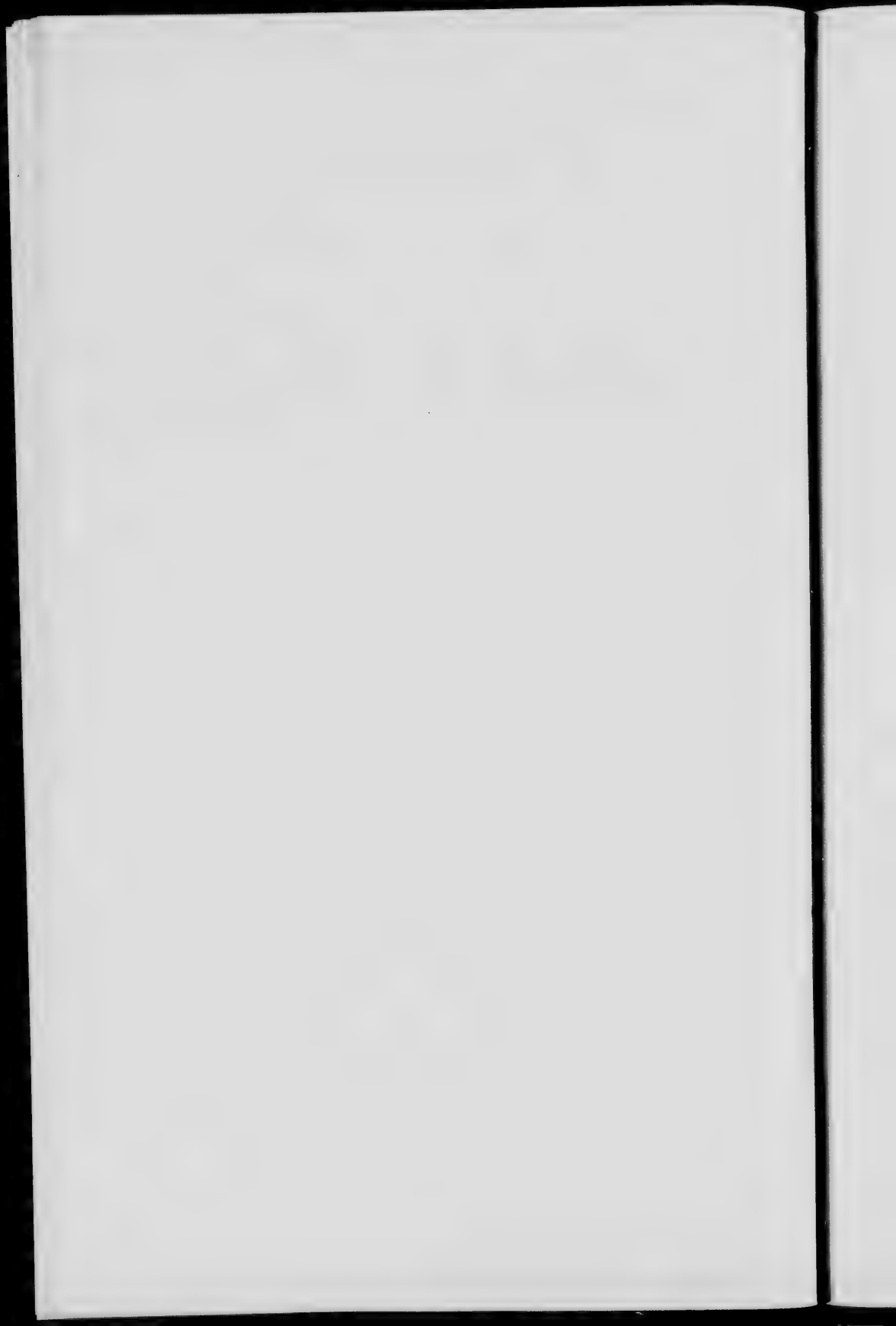
SASKATCHEWAN DISTRICT.

The accounts of this district arrived at Winnipeg during my visit to that place, and Mr. L. Clarke, the Officer in charge, arrived there two days before I left to make arrangements with regard to the transport of Government supplies. We discussed many matters connected with the business, and carefully examined the accounts which required explanations. The increase in the amount of capital employed in the district was due to the fact that a portion of the supplies intended for last winter's trade was detained in the Steamer "Northcote" at Cumberland, and was included in the inventories made up on the 1st of June last. Moreover, an amount, also included in the inventories, of nearly \$50,000 for goods supplied this year to the Government, will soon be due, and collected for the credit of the Saskatchewan District.

The capital at the date mentioned stood at \$240,000 as against \$150,000 in Outfit 1881, and \$200,000 in Outfit 1880. The profits of Outfits 1882 amount to \$35,000, including some \$4,000 the increased value of the furs traded. In Outfit 1881 the profits of the district amounted to \$27,000.

The form in which the accounts were made up in the district, and some discrepancies in the matter of transfers of goods to other districts suggested a visit by Mr. Beeston, the accountant of the Northern Department, to Prince Albert, to have these matters at once adjusted, and he will also examine the mode in which transfers of goods and inland freight are charged, in order to frame a new tariff, as under the present system Mr. Clarke maintains that his district suffers loss from the transfers, which last year amounted to \$66,000, while other officers appear to think that inland freight charges are excessive.

Upon this subject I should mention that strict attention has been called to various errors in the district accounts arising from omissions in sending at the proper time invoices and particulars of charges on goods transferred from one district to another, and officers have been informed that in future the amounts of the transfers must be agreed between district managers before the annual accounts are sent to the Northern Department.



Depôt, as the former mode of rectifying mistakes of this nature in subsequent Outfits can no longer be allowed. The system now followed at the Depôt and the Red River District, in regard to invoices and charges, ought to prevent the complications which were experienced by dealing with the accounts of former Outfits.

The profits of the sales of Goods at Prince Albert, where a large general trade is carried on, have hitherto been calculated at about 100 per cent. on Winnipeg prices, but, in future, Mr. Clarke will ascertain the cost of goods landed in his District, and charge profits on that basis.

CALGARY, EDMONTON DISTRICT.

The same system will be followed at Calgary, 850 miles west of Winnipeg, on the Canadian Pacific Railway, an important point in connection with cattle raising, and one which will be of great service to the Company in transporting the supplies for Edmonton and Peace River at cheaper rates than those hitherto paid for freight by the Saskatchewan steamers. Until the location of the railway station at Calgary is determined, it appeared to be premature to decide on a new site for the Company's Store. The present wooden buildings are being enlarged at a small cost, so that the Autumn and Winter Trade can be conducted by Mr. Hardisty, the officer in charge, who is taking steps for the improvement of the business in that important district.

I was enabled to introduce to him several gentlemen connected with the cattle ranches, and also two of the principal officials of the Canadian Pacific Railway, with whom it appeared to be desirable to cultivate cordial relations.

Mr. Hardisty brought to Winnipeg a carefully prepared indent of goods for the autumn trade, amounting to \$10,000, and arrangements were being made to get suitable supplies selected, partly from the Winnipeg Store and partly from adjoining districts.

The Edmonton Accounts for Outfit 1882 had not arrived, but were soon expected at the Depôt of the Northern Department.

ADVANCES TO OFFICERS AND SERVANTS.

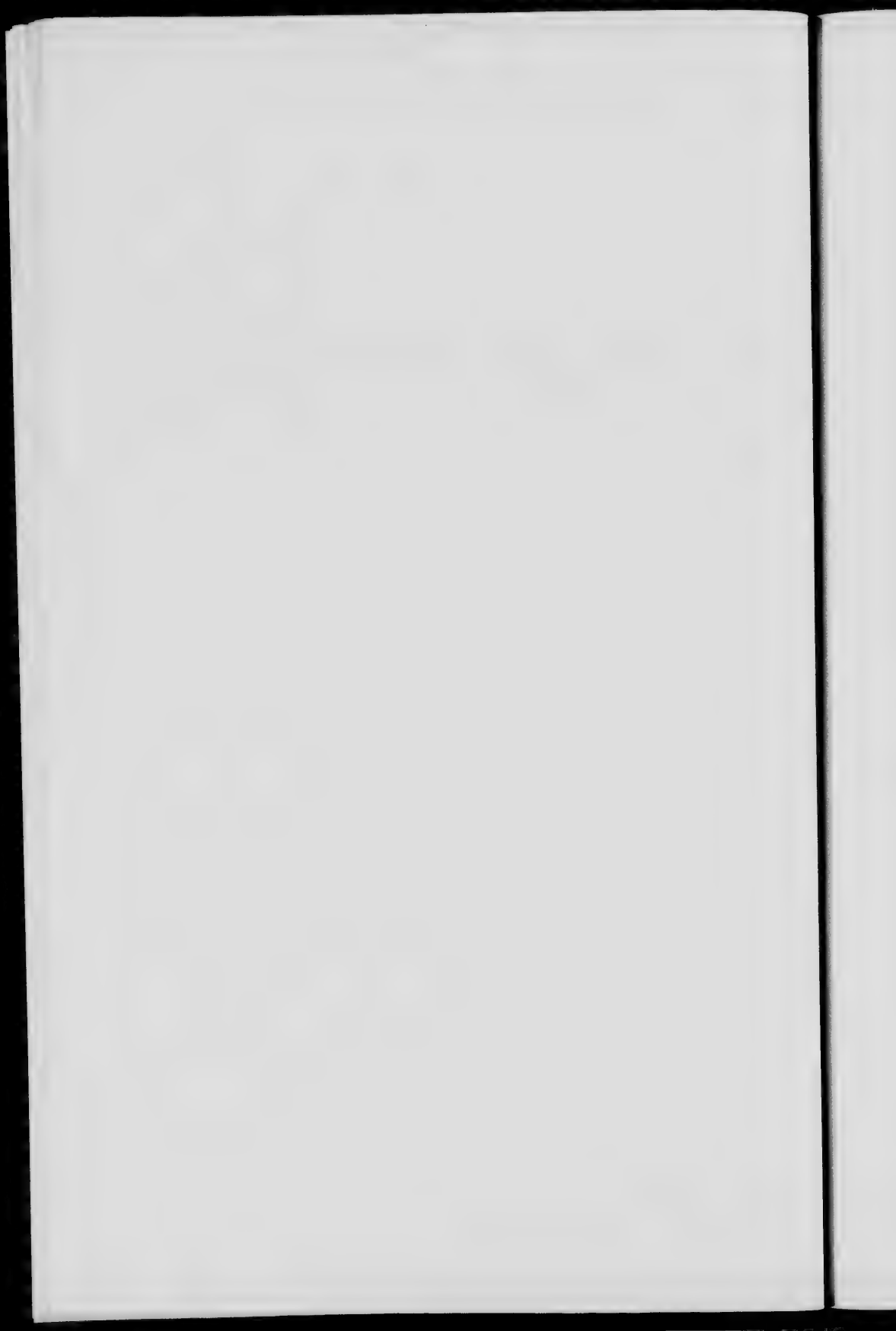
With the Chief Commissioner, Chief Factors Hardisty, Clarke, and McDonald, and also with Chief Factors Bell, Rankin, and Parson, I



discussed the question of the old system of adding $33\frac{1}{3}$ per cent. to the invoice cost of the supplies required by the officers, and pointed out the fact that, with the greater assortment of goods imported by the Company, these supplies had been largely increased. From the Winnipeg Store alone goods to the amount of \$30,000 had been taken up under the old system, and the loss to the trade in Outfit 1882 on that account could not have been less than \$4,000 or \$5,000. In Outfit 1881 the officers' supplies amounted to \$16,257, in Outfit 1880 to \$11,000, and they were much smaller in former Outfits. The Officers all admitted that, under the circumstances, a change was necessary in the districts which were being opened up for settlement, but in the Fur Trade districts, where it is difficult to ascertain the actual cost of country provisions, such as deer, fish, &c., it was proposed that no change should be made in the Officers' and servants' tariff for the purchase of such goods as are required at these posts. At Red River, Swan River, Saskatchewan, and Edmonton districts a change appeared to be necessary to prevent direct losses to the trade. With the view of giving the Officers and servants, as heretofore, an advantage over the outside public, a profit of ten per cent. on the cost of goods landed in the districts named, appeared as reasonable to the officers, who admitted that a proportion of the salesman's wages, interest on outlay, and the cost of handling the goods, should be paid: and if this proposed arrangement is sanctioned by the Board, it ought to be extended to any other districts in which a general trade is conducted.

MESS EXPENSES.

In all Fur Trade districts the Officers in charge have been called upon to keep a correct account of these expenses, but in future they are to state in the annual accounts of the different posts the sums so expended, in order that a comparison of the amounts can be made from time to time. I found that a general feeling prevailed among the Officers of frontier districts of the Northern Department, in favor of their being paid the allowance fixed upon at Winnipeg and other places in lieu of board and lodgings, and with the sanction of the Chief Commissioner, I now submit that in the interest of the Company, it would be desirable to commute the mess expenses of the officers in charge at Calgary, now the head-quarters of Edmonton District, Saskatchewan, and Swan River Districts, for £250 each per annum, and allow them to board their clerks and servants, at or about \$20 per month. In this way the expenses of each post can be correctly ascertained.



COUNCIL MEETINGS AND PROMOTIONS.

The last Council held at Carlton was attended by eight of the principal Officers, out of a total number of 23 who are entitled to make recommendations for promotions. These eight Officers are all employed in the Northern Department, and have no opportunity of considering the reports and accounts of the other departments, of which the principal Officers complain that their interests in the matter of promotions are in a great measure overlooked. Some of them have stated :

" We are outvoted by the larger number of Officers in the Northern Department
" who are in a position as regards distance to attend the Councils."

I brought the matter under the notice of the principal Officers who attended the last Council, and explained to them that the combined profits of the Southern and Montreal Departments exceeded those of the Northern Department, where the bulk of the capital was employed at a comparatively small return to the trade.

Keeping in view the interests of the Officers employed in the different Departments, and placing the rights of parties beyond any doubts reference was made to the deed poll which declares that :—

" The Governor and Committee shall, if and when they see fit to appoint certain
" Officers " * * * * *

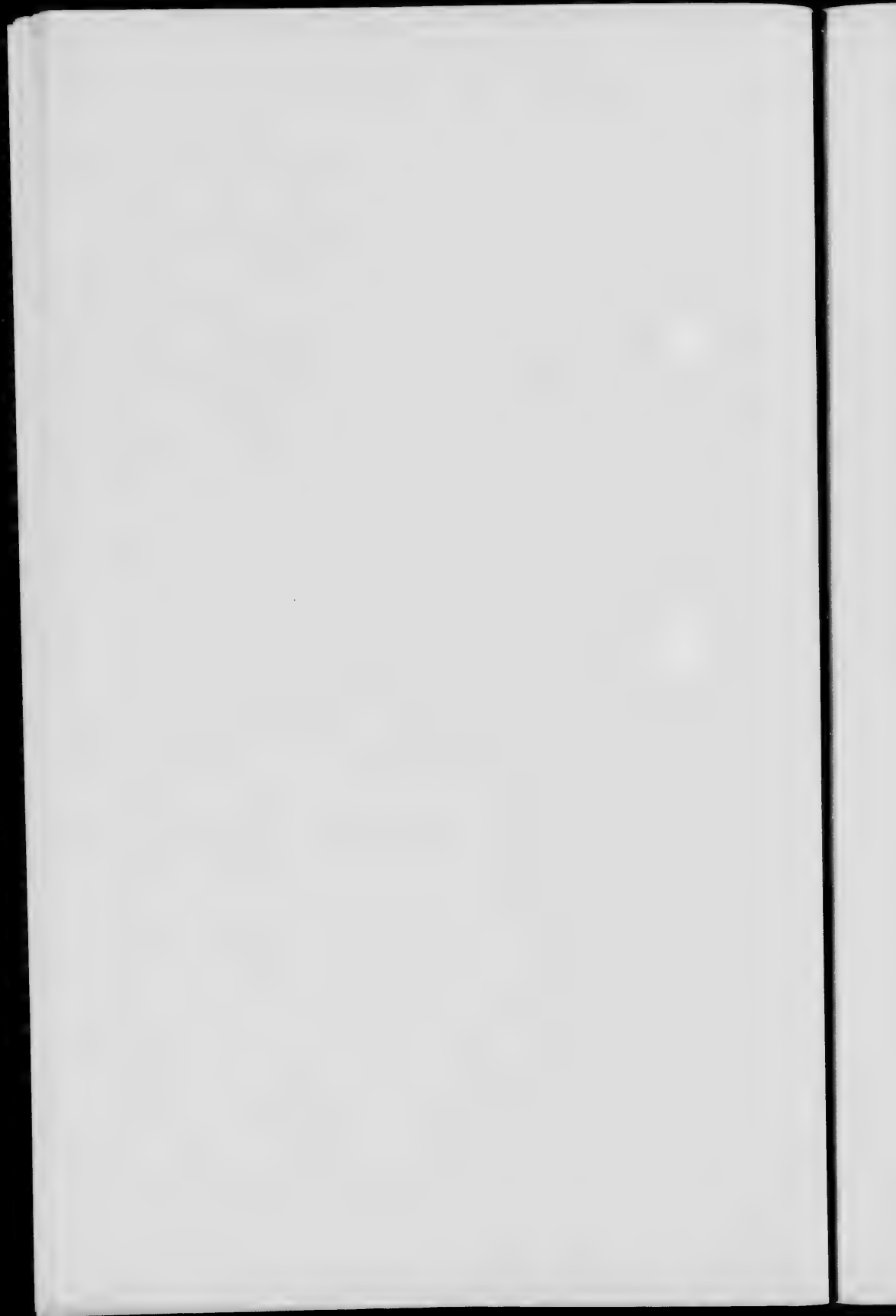
and to a resolution of the Board under which the principal Officer, were

" allowed to send in for the consideration of the Governor and Committee recom-
" mendations for promotion."

These points were necessary, as under an erroneous view, five out of the eight Officers who attended Council voted for a minute, the meaning of which they were at some loss to explain. It appears in the proceedings of Council as follows :—

" That the recommendations for all appointments to Commissions and promotions
" in the service be hereafter left to the nomination of the Chief Commissioner,
" subject to the approval of the Governor and Committee."

From the Officers who had not attended the Council many objections were made to the minute quoted, and to the system pursued in regard to " voting " for promotions. In the present instance three recommendations were made in favor of the promotion of Mr. J. O. Grahame and Mr. W. Clark, to the position of factors in the service, notwithstanding the instructions of the Board that the Officers to be promoted to that grade should be engaged in the Fur Trade, in important positions, and that the merits of the different Officers should be duly considered. Several of the



Officers who made no recommendations to the Council were surprised to find that the name of Mr. James O. Grahame had been brought forward, his services hitherto having been confined to copying letters. I found that he desired a change of appointment, and the Chief Commissioner has now appointed him to the charge of Kamloops in the Western department, in the management of which his services may be turned to good account.

Mr. W. Clark was appointed to the charge of the Dépôt of the Northern department only last year, and appears to be anxious to perform the duties of the position in a systematic and proper manner, but there are other Officers of equal standing in charge of Fur Trade districts, whose claims appear in the present instance to be stronger than those of Mr. Clark, and as the Southern Department appears to have been overlooked at the Council, the names of Mr. Cotter, the Officer in charge of Moose Factory, and of Mr. Broughton in charge of Albany commended themselves to the Chief Commissioner, and to the Officers entitled to make recommendations for promotion. They are therefore submitted to the Governor and Committee, with others whose names appear in the lists submitted to the Council.

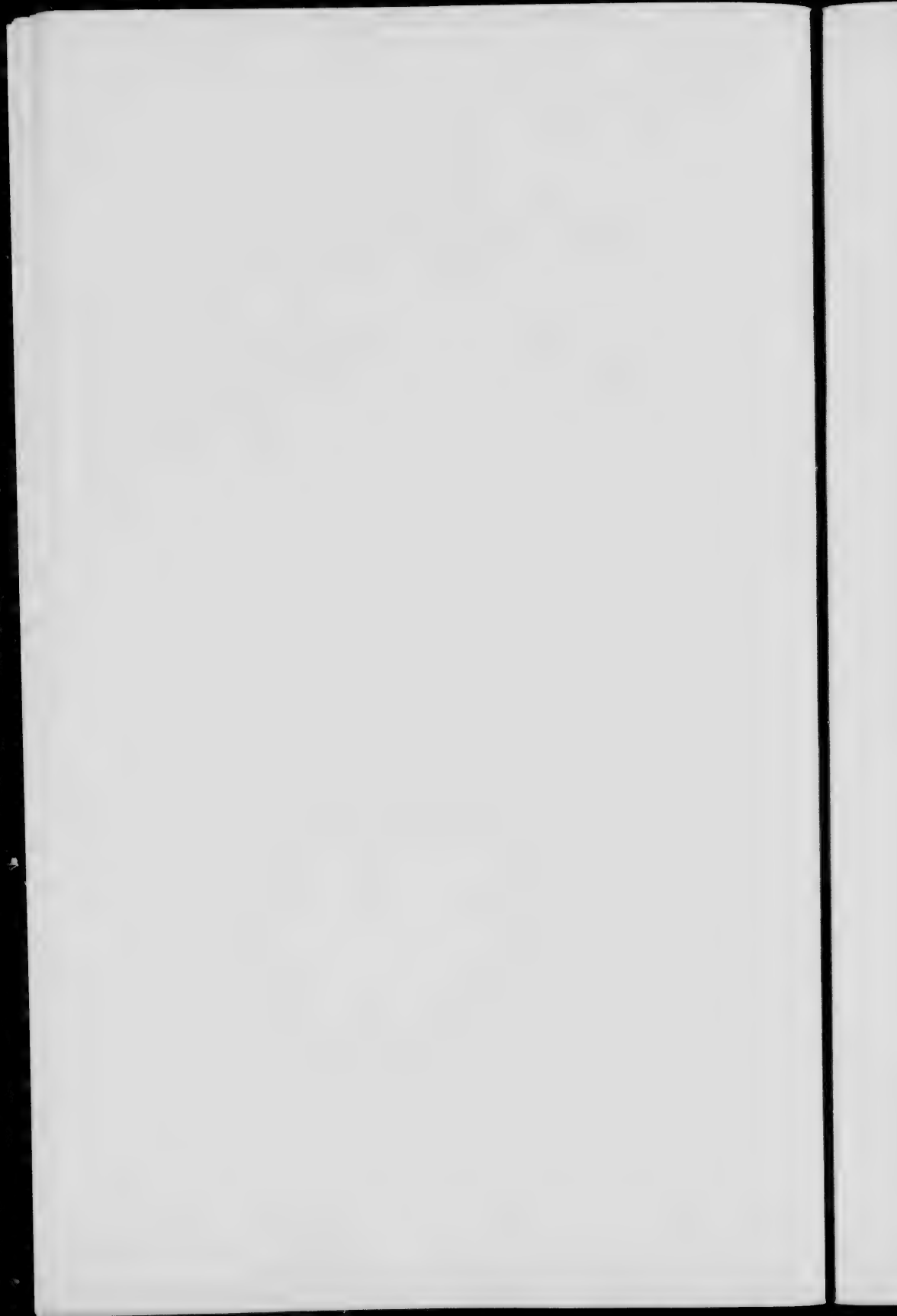
Factor, J. L. COTTER, for appointment as Chief Factor	.	.	.	.	.	.	.	.	.	$\frac{1}{2}$ Share.
Chief Trader, W. K. BROUGHTON, for appointment as Factor	.	.	.	.	.	.	.	.	.	$\frac{1}{2}$..
Junior Chief Trader, DESCHAMBEAULT, as Chief Trader	.	.	.	.	.	.	.	.	.	$\frac{1}{2}$..
" " R. J. SKINNER, " "	.	.	.	.	.	.	.	.	.	$\frac{1}{2}$..
" " W. E. TRAILL, " "	.	.	.	.	.	.	.	.	.	$\frac{1}{2}$..

The following Clerks for appointment as Junior Chief Traders :—

JAMES VINCENT . . . . .	.	.	.	.	.	.	.	.	.	1 ..
J. K. McDONALD . . . . .	.	.	.	.	.	.	.	.	.	1 ..
A. R. McKENZIE . . . . .	.	.	.	.	.	.	.	.	.	1 ..
W. McKAY (J.) . . . . .	.	.	.	.	.	.	.	.	.	1 ..
JOHN REID . . . . .	.	.	.	.	.	.	.	.	.	1 ..
E. K. BEESTON . . . . .	.	.	.	.	.	.	.	.	.	1 ..

8½ Shares.

Two unfilled Shares under the Deed Poll are proposed to be left in consideration of an increase in the salaries of Mr. Dow, the principal salesman in the Dry Goods Department of the Winnipeg Store, and of Mr. Goodridge, the Cashier appointed in place of Chief Trader Hargrave, some further experience of the service being considered advisable before recommending them to the notice of the Board for the position of Junior Chief Traders.



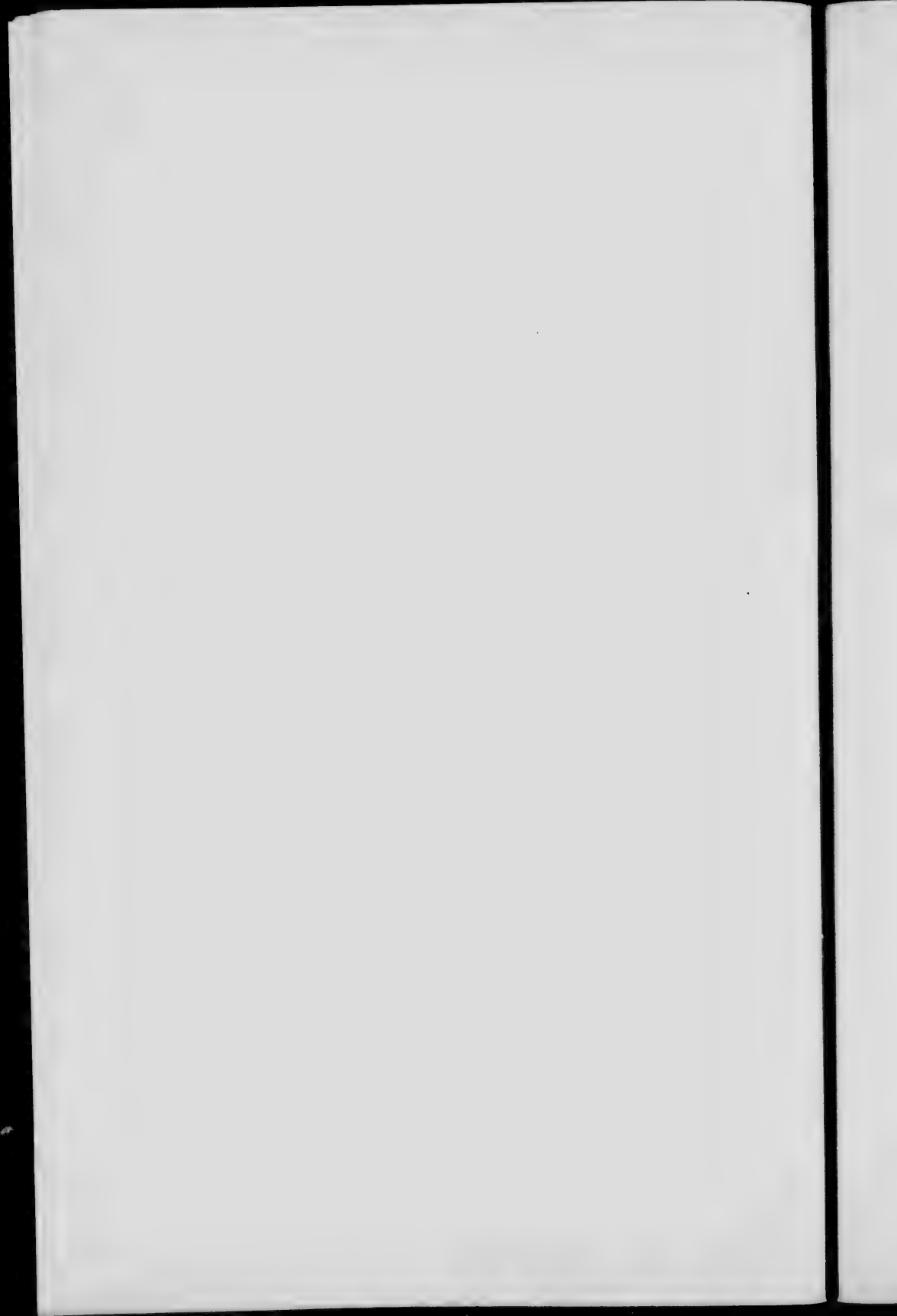
There now seems to be but one opinion among the Commissioned Officers that, in the absence of inspecting factors, it is essential for the proper conduct of the business, that each Officer in charge of a department in making his annual report on the trade, should also report on the Officers and clerks under his own charge, and when the whole of these reports are received, a summary of them, with remarks by the Chief Commissioner, would enable the Board to decide upon the question of promotions with due regard to the interests of the whole service. Its proper discipline and the arrangement of matters pertaining to the trade, now require more frequent conferences between the Chief Commissioner and each of the principal Officers in charge of departments, which could easily be held from time to time, and unless for special purposes, on which the majority of the Officers should be represented, the annual Councils would be rendered unnecessary.

During recent years the Council Meetings have been of no benefit to the service, but have given rise to useless discussions among the Officers who have not had an opportunity of attending them.

I am,

Yours faithfully,

W. ARMIT.



REPORT BY MR. BRYDGES.

LONDON.

23rd November, 1882.

As requested at the informal meeting of some members of the Committee on the 22nd instant, I now proceed to put in writing an outline of the views which I then expressed.

I have read carefully the observations of Mr. Fleming on the land policy of the Company.

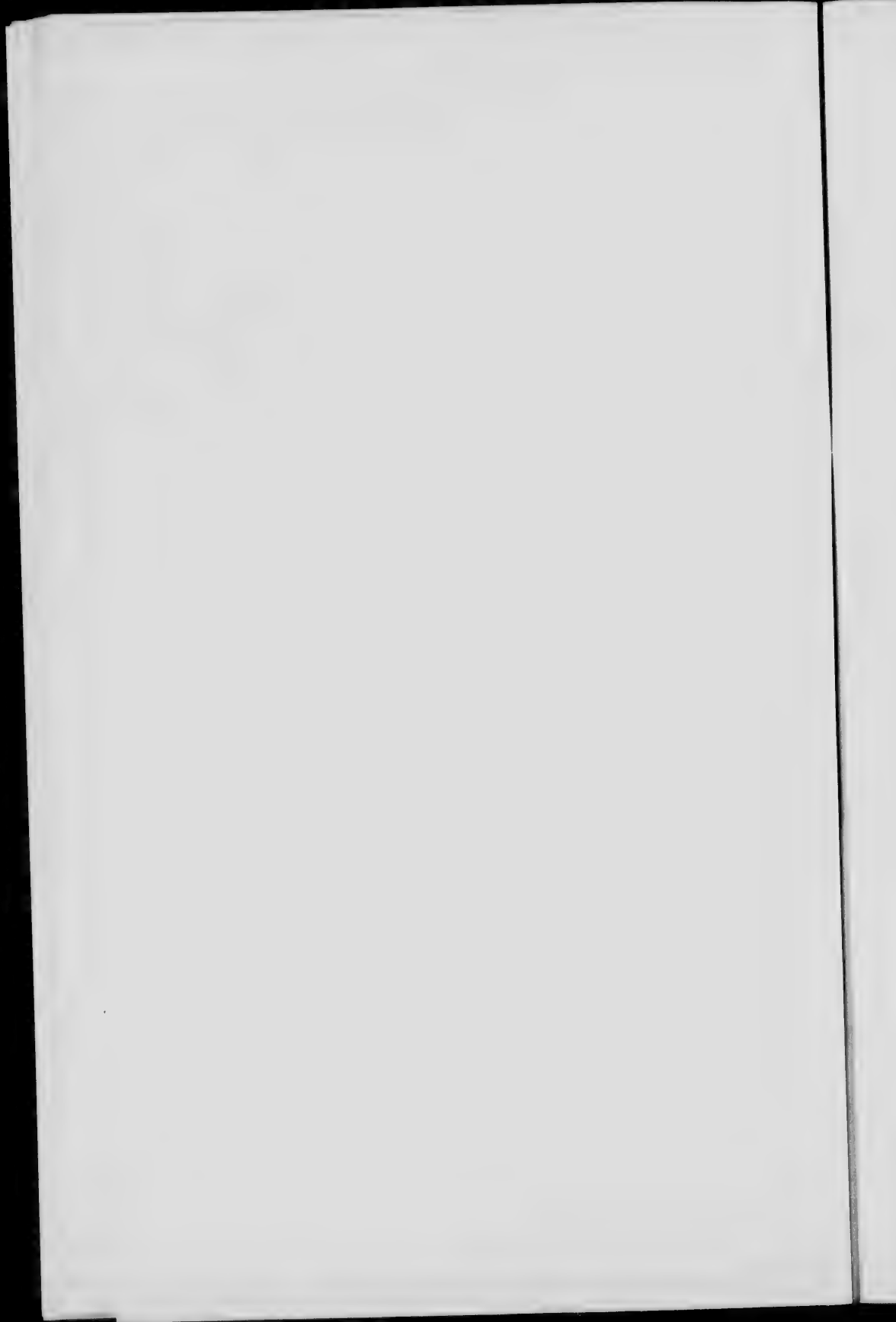
I have also had an opportunity of reading the letter addressed by the Secretary to the Governor, dated Montreal, 21st September, 1882; and to-day I had a full discussion with Mr. Fleming upon the questions raised in his paper.

I do not propose to say anything here upon the personal questions raised incidentally in the documents I have referred to. I understand the Committee to be fully satisfied as to the entire groundlessness of the several rumours and insinuations which have been somewhat freely circulated in Canada and repeated in London.

The important question is, as to what is the best policy to pursue, in order to dispose most quickly of the Company's landed estate, and to obtain for it the highest price.

The plan hitherto pursued has been to put a price upon the lands in accordance with current market values, and the reports received from the inspectors, who examine and report upon the sections in the different Townships. In almost every case the prices obtained have been in excess of the valuations made by the inspectors—in a great many cases very considerably so. Under the system followed, a total of 460,741 acres have been disposed of to the end of October, at a total price of \$3,135,877, or an average of \$6.80 per acre.

During this time the Government of Canada have been giving free homesteads to settlers, and selling lands at prices ranging from \$1 to \$2½ an acre; the Canada Pacific Railway Company have been selling at \$2½



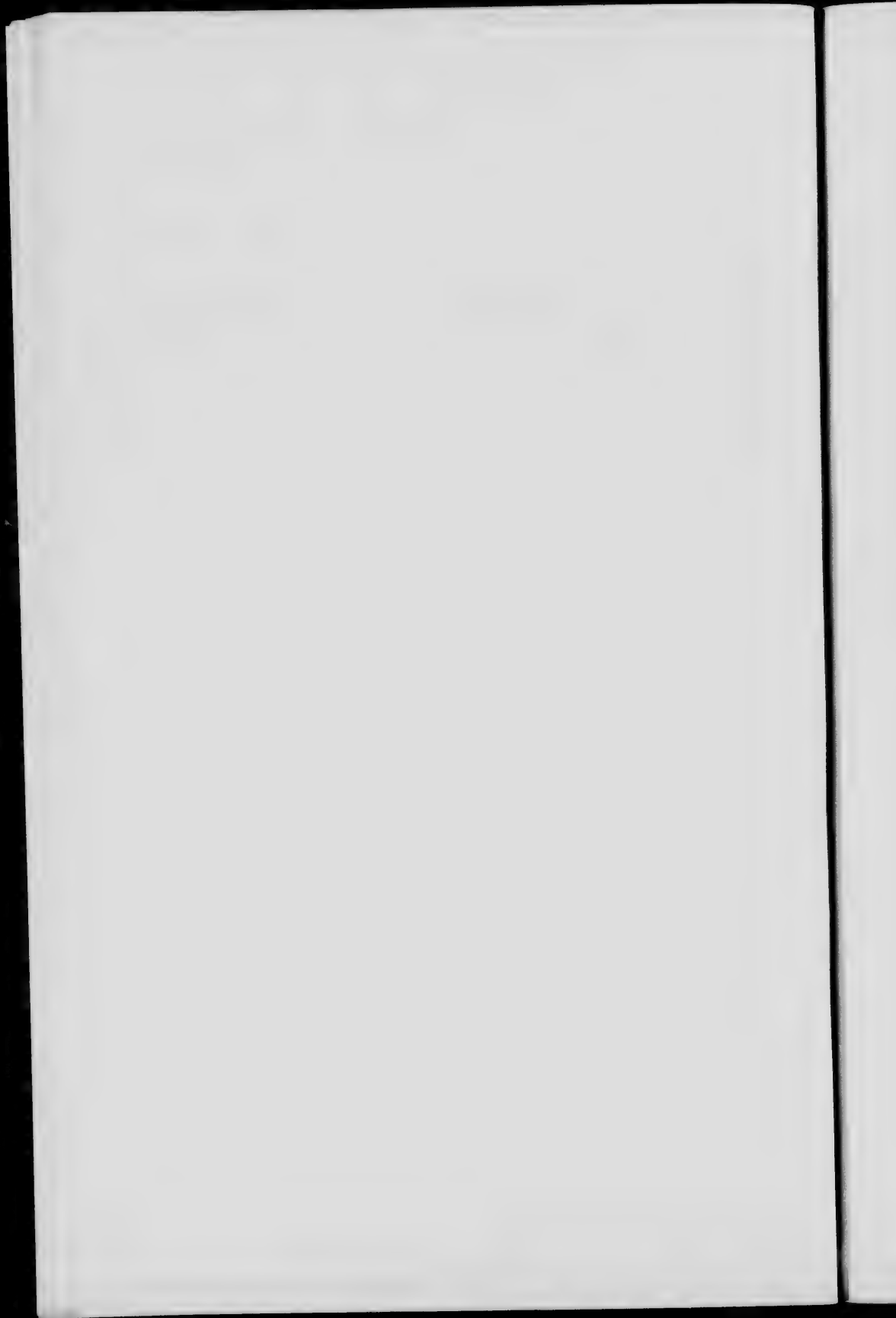
an acre, and giving large drawbacks off that price for every acre broken during a certain period. We charge 7 per cent. interest upon unpaid instalments, whilst both the Government and the Canadian Pacific Railway Company charge only 6 per cent.

A few days before I left Winnipeg the Land Commissioner of the Canadian Pacific Railway told me that independently of the sales of large quantities to such Companies as the North-West Land Company, their total land sales had so far aggregated between 300,000 and 400,000 acres.

Considerable quantities of what are known as scrip and half-bred lands, have been secured by speculators, and all the sales made by them have been at prices less by from \$2 to \$3 an acre than the prices obtained by us.

We have never asked a purchaser whether he desired to obtain the land to settle upon it, or to acquire it as a speculation—all we demanded was that he should pay the price we asked—pay the first instalment in cash—and enter into the covenants as to future payments that we had fixed upon. The fact that we sold without any "conditions of settlement," and did not care or enquire what the purchaser intended to do with the property, gave us a great advantage over other sellers, and enabled us to obtain higher prices. The fact that people could buy from us, pay us higher prices than they could buy elsewhere, and yet in some cases make a profit out of their purchases, put our lands in point of fact at a premium in the market, and had the effect of enabling us to dispose of a much larger area than would have been possible if we had stood out for the highest possible ultimately speculative price. What the ultimate profit to many of the speculative purchasers, after they have paid interest, taxes, and other expenses, may be, is a problem yet to be solved. The history of the world does not show, I believe, that all speculations turn out as those embarking in them hope for.

Sales of land are effected in this way :—By advertisements, the issue of maps, pamphlets, &c., and in other ways, we call public attention to the fact that we have lands for sale—two and often three and four trains arrive daily in Winnipeg containing people who have come to settle in the country. They go to the different land offices in the city to enquire either about land generally, or about particular sections that they have heard about from friends already in the country, or otherwise. During last summer and spring, we frequently had from 50 to 75 people in our enquiry office daily. Until we enlarged the office, it was an every day occurrence to see files of men waiting to, in their turn, reach the limited

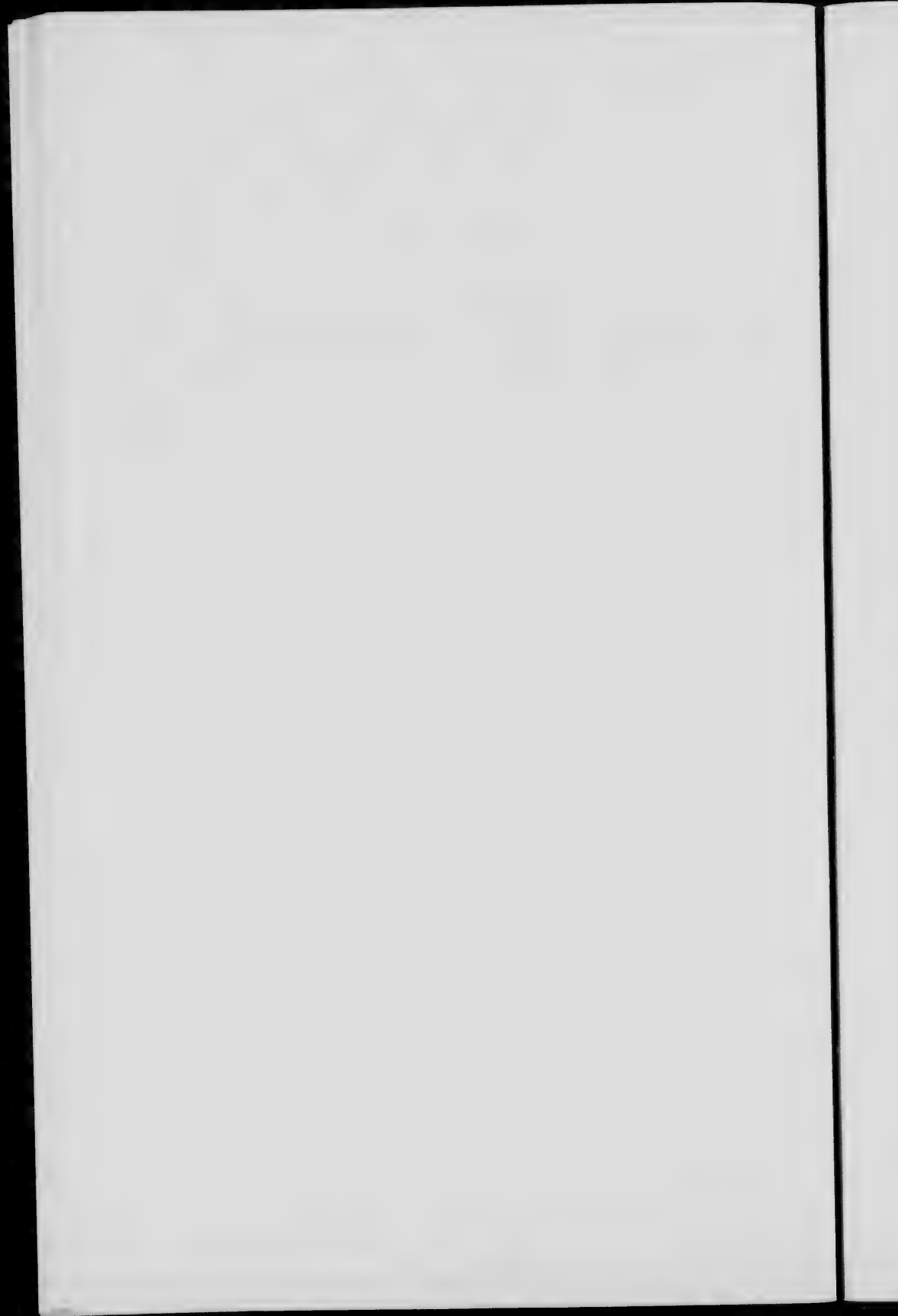


counter room to make the enquiries they desired. Many of these people had their families and effects with them, and naturally desired to remain at large expense in Winnipeg, as short a time as possible. A great many bought sections from us the day they arrived, and went off at once to take possession.

It has been suggested that we should get better prices if we sold by public auction at short intervals. I am of opinion that the result would be different. People will pay us, for the reasons I have already stated, higher figures by from \$2 to \$3 an acre than they can buy elsewhere. In the case of the Canadian Pacific Railway, they pay us three times as much as they can buy for from that Company. To say to intending purchasers that they must wait a certain length of time, at considerable personal expense, for an auction sale, when they may not be able to secure the section they require, will send them to some other land office, and we shall lose them as customers entirely.

I am not aware that any Land Company, or railway owning lands, either in Canada or the United States, has adopted the plan of having auction sales for their farming lands. They have all, so far as I have been able to learn, followed the plan we pursue, and none of them I believe, under circumstances similar to ours, have obtained such a high average, as we have so far done. I do not believe that farm lands are materially affected in value whether they are 1 or 5 or 6 miles from a line of railway running through a new and undeveloped country. In the course of 10 or 15 years, when the country has become comparatively settled up, a difference of value may arise, but does the Company desire to wait that length of time, losing interest and paying taxes and other expenses. I do not believe that land round small intermediate railway stations is going to be increased in value because of its proximity to such small station, at least for a great many years. I think the same general principle will apply to farming lands round larger towns and centres, with perhaps some slight modification.

Then take the case of Regina, a prospective town of considerable dimensions according to the views of some people. The owners of the site have laid aside 4 sections, or 2,560 acres, as the proposed town and have divided it into about 25,000 lots. To have every one of those lots occupied by a separate individual, will require a population at least equal to the present population of the City of Winnipeg. To-day Portage La Prairie has a population of from 4 to 5,000, and Brandon has not more, if so many, than 2,500. With such facts before us, is Regina going to be peopled at such a rate, that 25,000 lots will in any reasonable time be disposed of and the growth of population be so great that it will be



necessary for it to swarm off on to lots in section 26. Is there the smallest reason further to believe that Regina would ever have been fixed upon, if section 26 had remained the property of the Hudson's Bay Company.

With one or two exceptions, auction sales have never been attempted in Winnipeg, except for properties of doubtful value, or when they had to be sold to realise money. Auction sales are usually looked upon with suspicion. They have been tried in Toronto, Ottawa and Montreal, but have not proved a success. I believe one, or possibly two, auction sales were tried in Toronto of farm lands, but were failures. All auctions in Winnipeg have been of Town property, with the exception of one by the Government of a certain number of farm lands, which were put up at an upset price of \$2½ and realized about \$3 for a moderate quantity only of what were offered. This result was brought about by a combination to prevent bidding except at a trifle over the upset price.

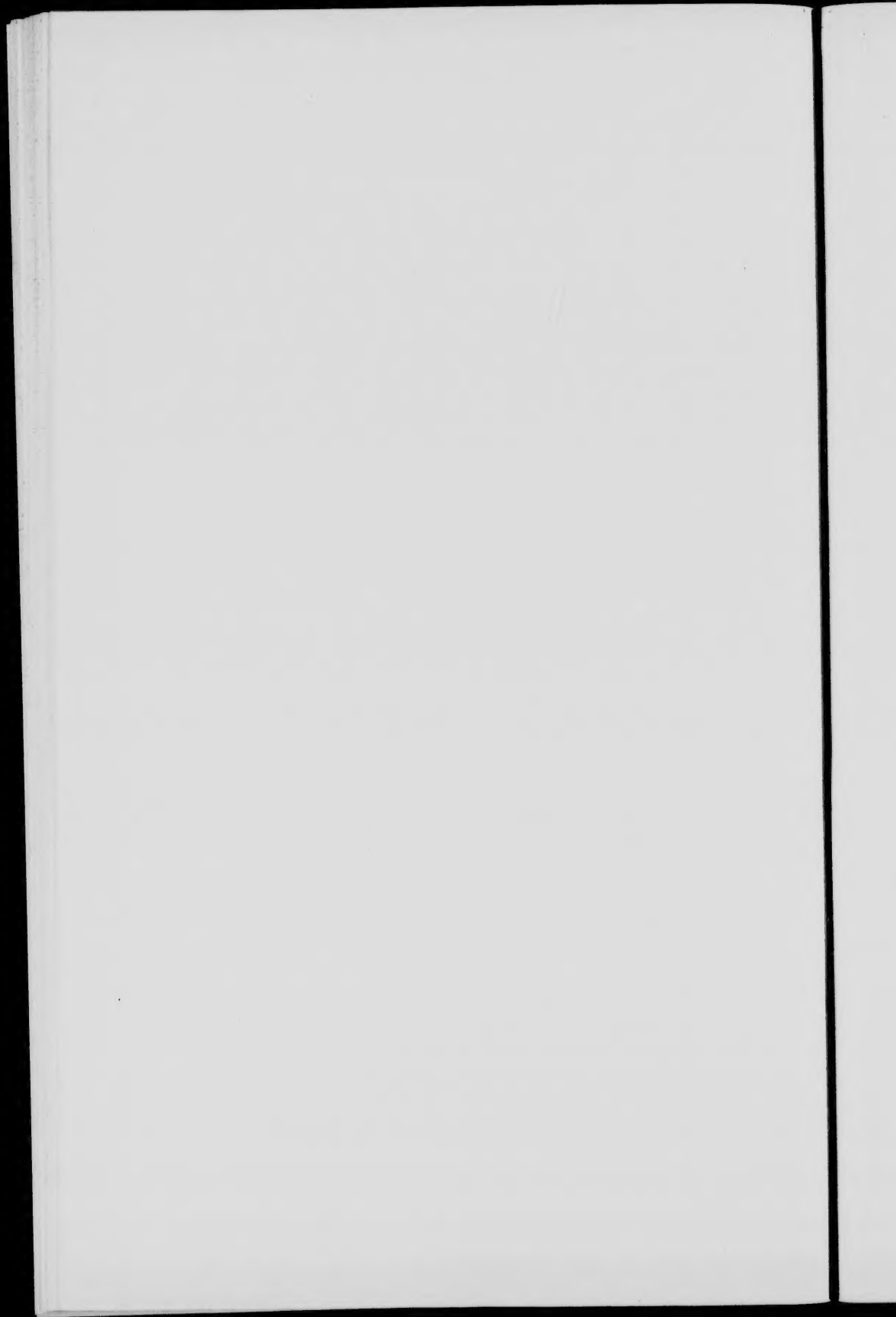
If we had an auction sale with announced upset prices, and the biddings, from any cause, did not go beyond or reach our upset price, the effect would at once be to make our counter sales fall, or we should make no sales.

Any attempt at an auction sale at present of Town lots would be a serious mistake. There is no present demand for this property, and an advertisement by us of an auction sale of our Winnipeg lots, would most likely produce a panic in real estate and drop prices from 20 to 25 per cent.

Even if auction sales could be considered advisable at any time, it would be clearly unwise to have them when the real estate market is flat or falling. No merchant, I presume, would offer a consignment of goods on a falling market by auction, unless he was forced to realize regardless of consequences.

I believe myself, the course we have hitherto pursued is the right one to follow, and I am very strongly of opinion that it is most important not to change our policy except for very potential reasons. We have greatly benefited in the past by having pursued a persistent policy when other sellers have been making constant changes.

If the matter is left to my discretion, I will, when the opportunity appears favourable, make an experiment of inviting competition for some of our farming lands, but I think it would require a very material change from the present condition of the real estate market before such an experiment could be prudently made. In the same way, if I find a



considerable demand for farming lands in any particular locality, and that several people are enquiring after the same lots, I will try and induce competition where it is possible to do so safely.

The Committee are aware that the Canadian Pacific Railway Company have decided to sell the lands, lately allotted to them in Southern Manitoba, precisely on the lines we have hitherto done, for the reason that they consider we have been so successful and they will be very glad if they obtain as good prices as we have done, about which I entertain doubts.

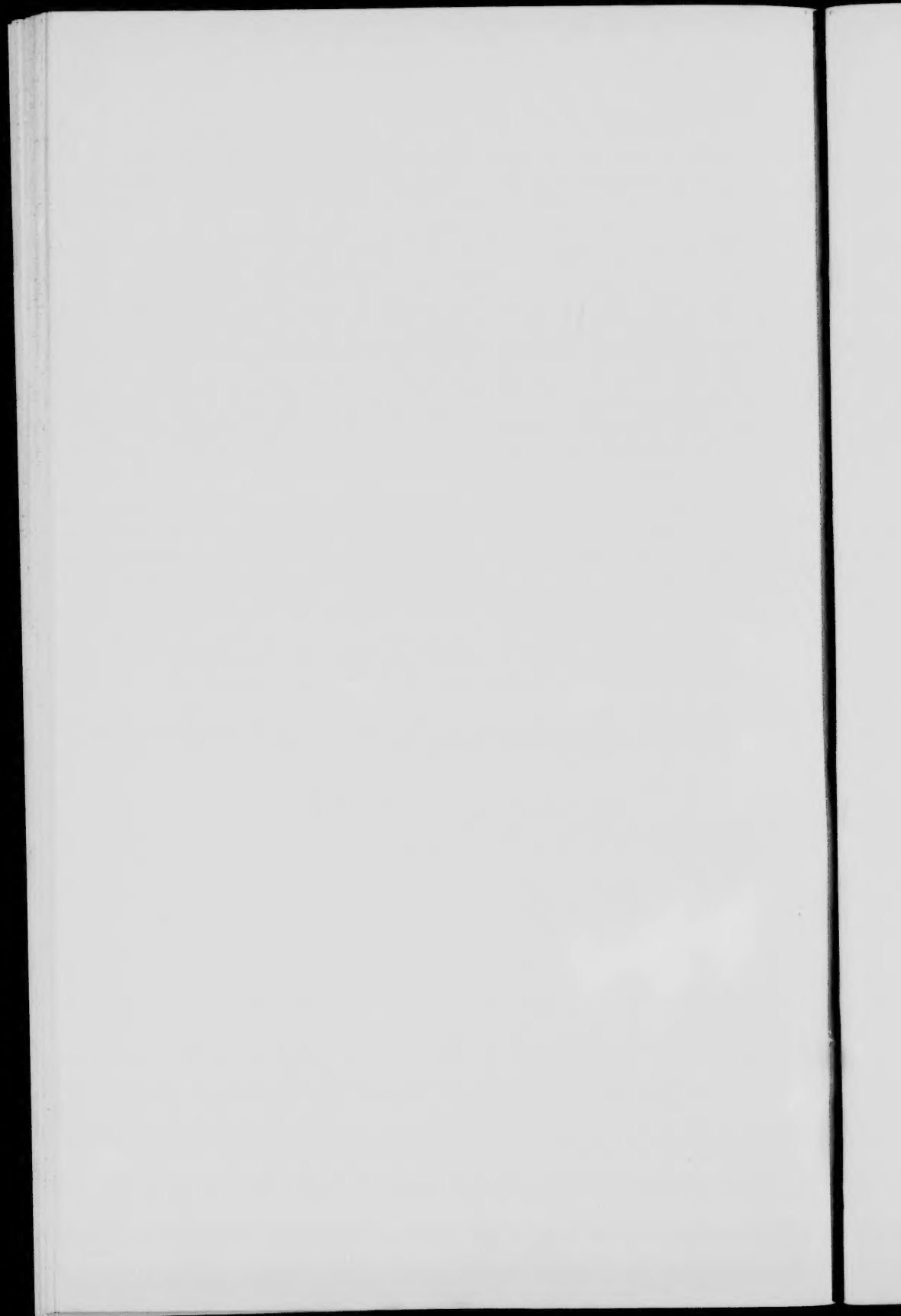
The North-West Land Company are going to sell exactly as we have done, and are going to copy our plans exactly. I have arranged with their Managers to endeavour to keep up prices and to avoid any attempt to undersell each other. They will be very glad, they tell me, if they can get as good prices as we have done.

There are, I think, reasons peculiar to our Company why we should sell as rapidly as we can, and at current market prices. As a rule land will now sell first from ten to fifteen miles on either side of the railway, and when that is taken up it will gradually extend further back, but I believe that distance must be pretty well filled up before many sales will be made further back.

It is a moderate price for farm lands, and the ease with which the land is brought into cultivation which is bringing settlers into the country. If the price goes up very much people will cease to go there. The further west settlers go the more costly will it be to transport their products to a market. Would the Western States have been filled up to the extent they have been if settlers had had to pay any such prices as we are now getting? Then consider the enormous quantity of available land there is in the North-West, compared with the small quantity already disposed of, to both settlers and speculators.

The Illinois Central began to dispose of their land grant about twenty-five years ago. It is, I believe, all sold now, and the average price of their lands, I understand, was about \$10 an acre, and only brought up to that figure by late sales, *after* the completion of the railway and a very large population existing in the state.

I think what I have written deals with the main factors to be considered, and I will not weary the Committee with a more extended statement. I have tried to deal with the question as a mere question of business, and without regard to any rumours and half expressed insinuations which may arise in the future as they have in the past. I do not believe



that any plans could be adopted which malice or envy would not seek to pick holes in. One can only do one's duty to the best of one's ability, and endeavour to make the most of what is placed under our charge. The extent of land sales will of necessity fluctuate largely according to varying circumstances. Much can be done by taking advantage of what is happening round us on the spot, and promptness of action in the past has realized considerable sums of money which otherwise would probably not have been secured.

Sales during the last three years of nearly £1,200,000 is a good beginning, and although it is not at all likely that the sales for sometime to come will be large, what has already been achieved, is, I hope, a good augury for the future.

C. P. BRYDGES.